

Algeria	5.61 Dz.	Iceland	15.20 Dz.	Norway	5.00 Dz.
Austria	17.5	Ireland	10.00 Ltr.	Portugal	4.00 Dz.
Bahrain	54.60 Dz.	Italy	10.00 Ltr.	Spain	4.50 Dz.
Belgium	33.87 Dz.	Korea	5.00 Ltr.	Turkey	4.50 Dz.
Canada	5.31 Dz.	Latvia	5.00 Dz.	U.S.S.R.	4.50 Dz.
Cyprus	4.00 Dz.	Lithuania	5.00 Dz.	U.S.A.	4.50 Dz.
Denmark	4.00 Dz.	Malta	5.00 Dz.	Yugoslavia	4.50 Dz.
Egypt	10.17 Dz.	Macedonia	3.33 Ltr.		
Greece	1.00 Dz.	Morocco	2.00 Dz.		
Hungary	1.00 Dz.	Montenegro	1.75 Dz.		
Iceland	5.52 Dz.	North Macedonia	1.50 Dz.		
Iraq	45 Dz.	Netherlands	2.25 Dz.		
Iran	135 Dz.	Nigeria	1.75 Dz.		

Genscher's Party Losing Assembly Seats in State Vote

By Edward Walsh

FRANKFURT — The Free Democratic Party, which quit the federal government on Sept. 17, was heading for the worst electoral defeat in its history Sunday in elections in the state of Hesse, according to first computer projections.

The small liberal party led by Hans-Dietrich Genscher, the former foreign minister, was winning only 3.1 percent of the vote a half-hour after the polls closed, not enough to keep seats in the state assembly in Wiesbaden.

The Free Democratic Party has agreed to vote with the conservative opposition in the Bundestag (lower house) in Bonn on Friday to unseat Chancellor Helmut Schmidt and elect Helmut Kohl, leader of the conservative Christian Democratic Union, as chancellor of a center-right coalition.

But Sunday's vote, in a campaign dominated by national politics, seemed sure to weaken Mr. Genscher's position in his own party and in policy talks this week with the Christian Democrats and their Bavarian sister party, the Christian Social Union.

Political analysts said that wavering liberal deputies in Bonn might now think twice before voting to replace Mr. Schmidt.

Greens Hold Balance

The Christian Democrats appeared to be heading the Hesse poll with 45 percent of the vote, closely tailed by Mr. Schmidt's Social Democrats — who have ruled Hesse for 36 years — with 44.6 percent.

The environmentalists, Greens, polling 6.8 percent, seemed certain to enter the 110-seat state assembly for the first time.

Since the Christian Democratic Union has apparently failed to win the absolute majority initially predicted by pollsters, and since the Free Democrats have not mustered the 5 percent they needed to stay in the Wiesbaden assembly, the balance of power in Hesse seems to have gone to the environmentalists.

(Continued on Page 2, Col. 5)

Brezhnev Asks China To Discuss Relations

By Dusko Doder

MOSCOW — President Leonid I. Brezhnev issued a new appeal Sunday for China to resume the search for improved bilateral relations "on the basis that I would describe as that of common sense, mutual respect and mutual advantage."

The Soviet leader's remarks in a nationally televised speech appeared to be the most positive in a series of recent overtures to Beijing.

Discussion of Afghanistan

Apart from restating their intentions to strengthen Soviet-Indian relations, the two sides discussed Afghanistan, where 100,000 Soviet troops are supporting the Soviet-backed government. The text of the declaration suggested that the Russians have moved closer to Mrs. Gandhi's position on the issue.

Mr. Brezhnev's speech at a political meeting in Baku, the Caspian Sea city that is the capital of Soviet Azerbaijan, was marred by an extraordinary mistake by his staff, yet showed Mr. Brezhnev's human side.

New Text Delivered

Appearing vigorous and in good health, Mr. Brezhnev, 75, was more than a minute into his speech when his personal aide, Andrei Alexandrov, was seen rushing to the rostrum with another text. With cameras turned away from the rostrum, the Soviet leader interrupted his speech to be given the correct text.

"It is not my fault, comrades," he said. "I have to start again from the beginning." Following thunderous applause, he switched to the new text, which contained somewhat different opening remarks.

In contrast to an appeal he made to Beijing last March, when his proposal for improved Chinese-Soviet relations was couched with criticism of China's "distortions of the principles and essence of socialism," Mr. Brezhnev's remarks Sunday contained no suggestion of the inventive that has been standard since the two nations drifted apart over ideology, territory and other issues.

Mutual Advantage Seen

"We would deem it very important," he said, "to achieve a normalization, a gradual improvement of relations between the Soviet Union and the People's Republic of China on a basis that I would describe as that of common sense, mutual respect and mutual advantage."

Mr. Brezhnev singled out Europe, as the area where detente, "for a number of historical reasons, has struck deeper roots" than in other areas. But in an allusion that appeared to reflect Moscow's concern over the breakup in West Germany of Chancellor Helmut Schmidt's ruling coalition and the prospect of a right-of-center government in Bonn, he asserted that

detente "in no case must be put at the mercy of the narrow-minded, egoistic politicians in the camp of imperialism."

In a related development Sunday, Tass distributed the text of a Soviet-Indian declaration signed by Mr. Brezhnev and Prime Minister Indira Gandhi. The Indian leader left for New Delhi on Sunday after a six-day official visit to the Soviet Union.

Discussion of Afghanistan

Diplomatic analysts here linked their timing to the scheduled visit to the Chinese capital next month of Leonid Ilyichiev, the deputy Soviet foreign minister, for preliminary discussions expected to lead to the resumption of relations between the two communist nations.

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Gandhi Back in New Delhi

Prime Minister Gandhi returned to New Delhi on Sunday from the Soviet Union, United Press International reported.

Polish Official Says Regime Is Likely to Dissolve Solidarity

By Dan Fisher

Los Angeles Times Service

WARSAW — The Polish authorities have not yet formally decided to dissolve the Solidarnosc independent trade union but "the likelihood of such a decision is very high," a ranking official of the Communist Party said in an interview.

The official, Jerzy Wiatr, said Saturday that dissolution would probably come as part of a legislative measure that would outlast martial law and establish rules under which new, more restricted ones could be organized at the factory level. Mr. Wiatr is director of the Institute of Basic Problems of Marxism-Leninism.

Mr. Wiatr's institute is the research arm of the party's policy-making Central Committee. It has recently been studying worker attitudes toward Solidarnosc.

Several articles in the official press late last week suggested strongly that the regime, which



Marchers in Tel Aviv protested against Israel's role in Lebanon.

Begin Reported Ready To Accept High-Level Inquiry Into Massacres

By Edward Walsh

Washington Post Service

JERUSALEM — Amid deepening political trouble for his defense minister, Ariel Sharon, Prime Minister Menachem Begin was reportedly Sunday as being ready to surrender to the demand that a state judicial board of inquiry be established to investigate the massacre of Palestinian refugees in Israeli-occupied West Beirut.

Several of Mr. Begin's political associates, including the leaders of three parties that form a part of his government coalition, are now demanding such an investigation, and Justice Minister Moshe Nissim said Sunday that it appears the cabinet will have no choice when it meets Tuesday but to agree to the high-level inquiry.

The Israeli military command announced Sunday that all Israeli forces will leave West Beirut by Wednesday, and said that Israel will also turn over the airport south of the city to the Lebanese government. Foreign Ministry officials, while continuing to insist that there had been no "ultimatum" from the United States for the withdrawal, said Israeli forces would be completely out of the city, including Christian East Beirut, by the end of the week.

Mr. Begin was quoted Sunday as saying he had opposed the convening of a judicial board of inquiry, the most powerful kind of investigative body in Israel, because such a panel should be reserved for "only the most serious wrongdoing." The prime minister denies that Israel bears any responsibility for the massacre, but Israel Radio said Sunday that he was on the verge of proposing a judicial inquiry himself.

Upset in Parliament

Mr. Sharon set off the uproar during a parliamentary debate last week when he asserted that when the opposition Labor Party was in power in 1976 the Israeli army played a role in an earlier massacre of Palestinian refugees by Lebanese Christian militia units at the Tel Zaatar refugee camp in Beirut.

This was Begin's answer to "Reagan," he said. But he added it would be self-defeating for the Arab governments to give in to popular bitterness over the massacre and break off their effort to bring about a Middle East settlement in contact with the United States.

"This is an emotional trap we have to avoid," he said.

In the interview, the king spoke with great urgency, often emphasizing his conviction that the Middle East was at a crossroads and would slide into disaster unless a way was found to stop Israel's threats to its neighbors and to reverse the Israeli takeover of the West Bank.

He said that once the consultations between the Arabs and the big powers had shown results, he would favor an "international conference with participation of all parties directly concerned," meaning Israel and the PLO. The Soviet Union and the European powers should also take part, he said.

Begin made clear that he would not join the Camp David peace process, saying it had proved effective only to settle "the relatively easy problem" of Sinai and that the issues of Jerusalem, the occupied territories and the Golan Heights were incomparably more difficult to solve.

■ U.S. Sees Support for Hussein

Bernard Gwertzman of The New York Times reported from Washington:

The Jura canton was created in 1979 from the Bern canton, but because of difficulties in drawing the borders, Vellerat and several other French-speaking villages were left in the Bern canton.

(Continued on Page 2, Col. 4)

He said that despite his past bitterness with the PLO, the relationship between the PLO and him was already possible and could make the search for a Middle East settlement easier. Mr. Reagan called for an "association" between Jordan and the West Bank and Gaza.

Hussein did not specify how, or whether, his proposal differed from Mr. Reagan's call for "association" or the Palestinians' call for an independent state. He said that the two partners in the federation would "maintain their respective identities and exercise their right to self-determination."

"Enduring Relationship"

He said that despite his past bitterness with the PLO, the relationship between Jordan and the PLO was "the most meaningful constructive and enduring relationship between any members of the Arab family."

Hussein revealed for the first time the procedure that Arab leaders are likely to adopt in following up on the eight-point program they adopted at the meeting of the Arab League in Fez, Morocco, this month. First, he said, Mr. Arafat and the heads of state of the countries making up the seven-member

commission appointed by the conference would meet again.

Then the members of the commission would fan out to present the Arab platform to the United Nations and governments of the United States, the Soviet Union, Britain and France. Since not all the members of the commission will go to all the capitals, direct contact between Mr. Arafat and the Reagan administration will not be necessary.

The king accused the Israeli government of having deliberately set the stage for the massacre of Palestinian civilians in West Beirut because it wanted them to panic and flee to more distant Arab countries. He also said that the Begin government deliberately wanted to discredit Mr. Reagan in the Arab world and destroy the credibility of the United States, which had guaranteed the safety of the citizens in the camp.

The king also charged that the Israeli army had been deliberately set up to cover up the massacre.

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U.S. Indicates British and Dutch May Join Beirut Force

By Michael Getler
and John M. Goshko
Washington Post Service

WASHINGTON — Britain and the Netherlands have expressed an interest in contributing troops to a multinational contingent of U.S., French and Italian forces preparing to take up positions in and around West Beirut, according to U.S. government officials.

The first public indication of Dutch and British interest came Friday from Defense Secretary Caspar W. Weinberger, who said at a news conference in St. Paul, Minnesota, that "two or three other countries have expressed some interest" in sending troops to Lebanon.

Although Mr. Weinberger declined to identify the countries, other officials said that the Dutch and British governments had indicated an interest in eventually joining the operation.

Jeane J. Kirkpatrick, the U.S. ambassador to the United Na-

tions and one of the staunchest pro-Israeli figures in the administration, said on Friday that the United States must share part of the blame for the massacre of Palestinian civilians in Beirut last week.

Calling for a "dispassionate, competent commission of inquiry," she said that, in addition to those who actually did the killing, moral responsibility rests with "all those who did not do everything they could to maintain order and security."

That, Mrs. Kirkpatrick contend- ed, includes not only the governments of Israel and Lebanon, but also the United States, France and Italy, which withdrew their forces from Beirut before the massacre.

In regard to broadening the multinational force, U.S. officials said that, at the moment, the initial contingent of roughly 3,000 U.S., French and Italian troops probably would be sufficient.

Troop contributions from other

countries, however, could become important if the mission or territory of the force were expanded, or if a long stay in Lebanon made replacements necessary, they said.

In addition, troops from other countries could enhance the force's mission of calming fears among Beirut's population, of ensuring that Israeli troops do not return to the city, and of giving the fledgling Lebanese government time to assert its sovereignty over the city, they noted.

In St. Paul, Mr. Weinberger indicated that the U.S. Marine units would stay on the outskirts of Beirut and "will not be patrolling inside" the city.

He indicated that the American force, initially set at about 800 men, could grow to 1,200. The Pentagon, however, said that decision had not been made.

At the moment, officials said, it is most likely that the marines will maintain a line on the southern outskirts of the city, running roughly from the presidential pal-

ace to the airport, with Israeli forces withdrawn into the hills farther south as a first step.

Mr. Weinberger was said to welcome the possibility that other nations may join the multinational force. Officials said that he has been the most wary member of the administration about committing U.S. units to Beirut, both during the withdrawal of Palestinian forces last month and now during the Israeli pullback.

Role for UN

Mr. Weinberger, officials said, would have preferred a solution in which U.S. and other forces were added to the UN troops already in southern Lebanon under an expanded charter for the UN contingent.

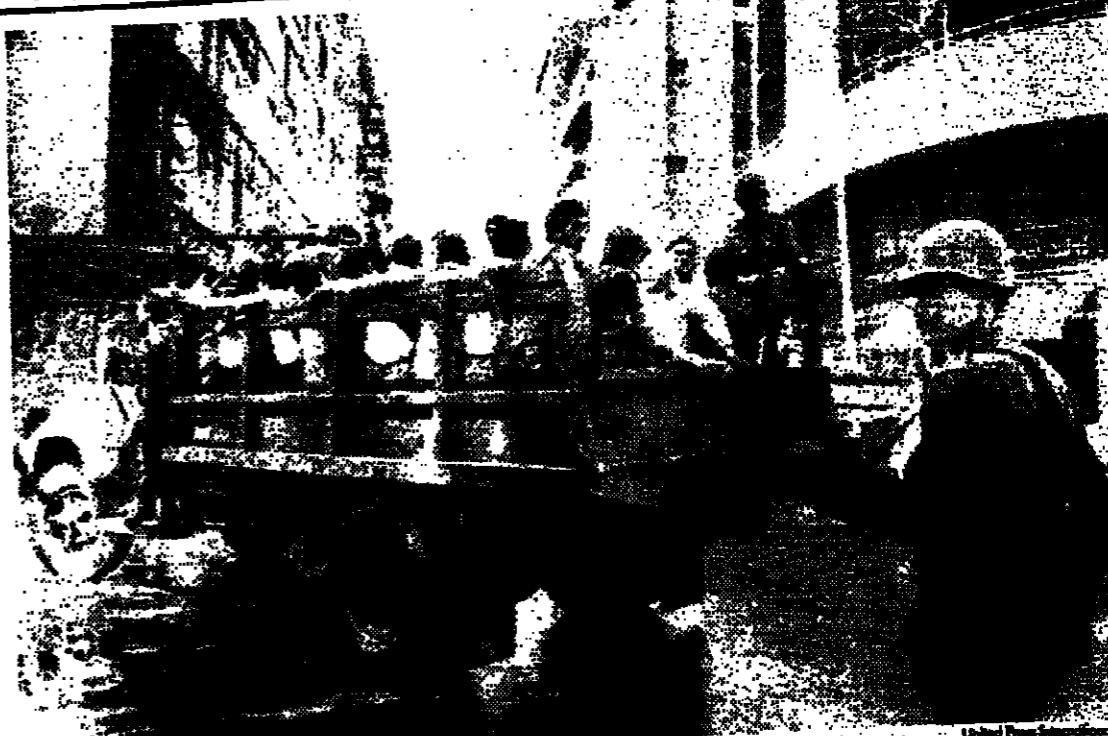
Another senior administration official, talking about the post-Beirut problem of getting Israeli and Syrian forces to withdraw from all of Lebanon, said the administration envisions a possible role for the UN force, perhaps

with its mandate and powers expanded, in meeting Israel's concern that its northern border be secure against further attacks from southern Lebanon.

When Israel invaded Lebanon on June 6 to begin its drive against Palestine Liberation Organization guerrillas, its announced goal was to create a 25-mile (40-kilometer) buffer zone in southern Lebanon. U.S. officials began working on a plan for the United Nations to oversee such a zone, but then Israel advanced to Beirut.

Asked about the strains in U.S.-Israel relations, the official, speaking with reporters on the condition that he not be identified, contend- ed that ties between the two countries remain "relatively strong."

He cited, as an example of U.S. support, an incident Friday in which the United States walked out of the annual conference of the International Atomic Energy Agency to protest an Arab-sponsored vote to bar Israel by refusing to accept its credentials.



A Lebanese Army soldier stands guard in Beirut as a truck pulls away with several persons who had been detained. The army has begun arresting anyone whose identity papers are not in order.

Russia Replacing, Even Upgrading Lost Syrian Arms, U.S. Officials Say

By Leslie H. Gelb
New York Times Service

WASHINGTON — U.S. intelligence officials say the Soviet Union seems to be quickly replacing, and even upgrading, the large amounts of arms that Syria lost in recent combat with Israel in Lebanon.

The resupply process began in July, soon after Israel destroyed more than 80 Syrian aircraft, about 20 surface-to-air missiles and anti-aircraft batteries and a large number of tanks, the intelligence officials said Saturday. They said Libya had already sent 20 to 40 MiG-21 and MiG-23 fighter jets to Syria. They gave few other details on the resupply.

Officials in the Reagan administration said they believe Moscow wants to show Syria one of its last oaths in the Middle East, that it can still act quickly and reliably.

Syria is turning out to be a major stumbling block to President Ronald Reagan's Middle East peace plan.

Officials in the State Department, Pentagon and White House said their two principal hopes were that King Hussein of Jordan would keep inching toward an active role in the peace process and that the political turmoil in Israel over the recent killings of Palestinians in Lebanon would produce a more positive Israeli attitude toward the Reagan plan.

In essence, the Reagan plan calls on Israel to cede most of the West Bank and Gaza Strip to a self-governing Palestinian authority in association with Jordan, all in return for Arab agreement to peace with Israel.

Syria's strategy is a matter of some conjecture among administration experts. These officials also noted that Syria had not been pressing for a Soviet role in the Middle East negotiating process, despite the new Soviet arms shipments. Intelligence officials said Moscow had already sent Damascus modernized versions of surface-to-air missile batteries and additional high-performance planes.

According to the officials, King Hussein has expressed concern about Syria, saying that if he took an active role in the negotiations it might provoke Syria into moving its troops to the Jordanian border and threatening an invasion, as it did in 1980. At that time, it was believed that King Hussein might have been ready to join with Israel and Egypt in negotiations.

The U.S. officials also said they believed that moderate assistants now dominated the entourage of the Palestine Liberation Organization leader, Yasser Arafat. Nonetheless, they said they did not think Mr. Arafat would go much further than the Fez document, which expresses only an indirect willingness to accept Israel.

The officials added that King Fahd of Saudi Arabia had supported the Reagan plan at first, but pulled back somewhat following the Israeli move into West Beirut.

(Continued from Page 1)

the Christians' massacre of alestinian at the Tel Zaatar refugee camp.

It was his strange, twisted smile that he made this charge that rekindled one American-born Israeli official of the late Senator Joseph McCarthy, a parallel that occurred in 1968. "It was a performance that only the infamous Joe McCarthy could have fully appreciated," wrote The Jerusalem Post. The single item missing, as Mr. Sharon stood at the Knesset podium, was the clutch of bogus documents that McCarthy was wont to wave."

Vigorous Democracy

A democracy has the capacity to injure itself, and Israel proved again last week what a vigorous democracy it is. Yaakov Kirschen,

in his "Dry Bones" cartoon strip for The Jerusalem Post, had his character Shulpid addressing the readers: "When terrorists attacked from Syria, we blamed the Syrians. When murderous infiltrators slipped in from Lebanon, we blamed the Lebanese. When PLO killers launched raids from Jordan, we blamed the Jordanians. When fedayeen goons came in from Egypt, we blamed the Egyptians. But when we send a bloodthirsty gang into a refugee camp, we blame everyone in the world except ourselves. Whether it was omission or commission, we've got something to stone for this Yom Kippur."

A prominent Israeli journalist remarked: "Sharon, in order to survive, has to get rid of some generals. Begin, if he wants to survive, has to get rid of Sharon. We, if we want to survive, have to get rid of all of them."

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*Herald Tribune (May 82)
quoting an
Institutional Investor survey.

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Poll Shows U.S. Opinion Shifting Away From Israel, Toward Arabs

The Associated Press

NEW YORK — Americans' support for Israel has dropped sharply while backing for the Arab nations has risen, according to a new poll by Newsweek magazine.

The magazine also reported a polarization in the past year in the attitude of American Jews toward Israel, with 33 percent of the Jews polled saying their sympathy to Israel's position had decreased, and 36 percent saying it had increased.

The nationwide poll of 605 adults and a sub-sampling of 253 American Jews were taken Wednesday and Thursday by the Gallup organization for Newsweek.

Newsweek said 32 percent of those in the general poll were more sympathetic to Israel than to the Arab nations, while 28 percent said their sympathies were with the Arabs. In a similar poll in September 1981, 49 percent said their sympathies lay more with Israel and only 10 percent sided with the Arabs.

The magazine said the recent massacre of Palestinians in Beirut by Christian militiamen had a strong impact on public opinion. Of those polled, 81 percent said they believed Israel must bear some responsibility for the killings. About half said they believed the United States should suspend or reduce aid to Israel to force a withdrawal of Israeli forces from Lebanon.

And about half of those questioned said they believed antisemitism was likely to increase in the United States because of recent developments in the Mideast. Of the Jews polled, 77 percent expressed such a fear.

Begin Reported Ready To Accept Investigation

(Continued from Page 1)

combat division in the Beirut area met with Mr. Sharon on Friday, reportedly telling him he should take responsibility for the events in the Lebanese capital and resign.

On Friday, the Begin government asked the president of the Supreme Court to conduct his own investigation, but the court president turned down the request because the court is considering two cases demanding the higher level inquiry.

The afternoon newspaper *Yidiot Ahronot* published Sunday the results of a public opinion poll showing overwhelming support for an internal investigation. The poll said 51 percent of the Israeli public favors a judicial board, and 23 percent a lower level examination, while 25 percent oppose any kind of inquiry into the incident.

Only 1 percent of the respondents said they were undecided, an indication of the extent to which it has gripped the country since the first disclosures of the killings.

■ Israel's Begin Withdrawal

David B. Ottaway of The Washington Post reported from Beirut:

The Israeli Army all but completed its withdrawal from Moslem West Beirut on Sunday, leaving only a small detachment at the airport and port where 700 Italian

paratroopers and marines came ashore to join the French contingent of a multinational peace-keeping force.

But neither the French nor the Israeli troops, now numbering 1,400, were immediately deployed in the city, though there were reports that they would begin doing so on Monday morning. Eight hundred U.S. marines are scheduled to arrive Tuesday or Wednesday.

A Israeli spokesman in East Beirut said that the army ended its search for Palestinian guerrillas and ammunition depots as of Saturday night.

The spokesman said an Israeli soldier had been killed and "about 10 others" were wounded in incidents in West Beirut in the past few days.

Meanwhile, the bodies of two Americans, a Finn and an Irishman, members of the UN truce observer team here, were brought to the American University Hospital morgue in West Beirut. The four were killed Saturday when the vehicle they were in hit a land mine.

■ Israel's Begin Withdrawal

David B. Ottaway of The Washington Post reported from Beirut:

The environmentalists have been divided over whether to tolerate a Social Democratic minority government in West Beirut. In turn, they said Social Democrats would stay Social Democratic.

Genscher will now have to explain to his own party what he's been up to in the last two weeks in Bonn, he said.

Mr. Dregger conceded defeat on television only an hour after the polls closed and said he would resign as leader of the Hesse Christian Democrats on Monday after four unsuccessful bids to become state premier.

He blamed the sensational result on the changes in Bonn in the last 10 days and said that Hesse now faced the prospect of a "red-green" alliance.

But Mr. Börner said he would not negotiate with the environmentalists, who campaigned fiercely against nuclear energy and plans to extend Frankfurt's international airport.

The senior official said that despite the attention that has been paid to the crisis in Beirut in the two weeks, the interest of Arab leaders in Mr. Reagan's Middle East initiative has remained high.

"It has been very interesting to me, reading the continuous flow of cable traffic from that area, to see that the peace process, the president's initiative, is very much alive and very much on people's minds," he said. He said the Arabs are talking about it to each other and to U.S. envoys.

He said that Hussein's reaction has been "basically good."

"He hasn't yet been able to say to the Israelis, let's sit down and talk," the official said. But he said that "I think there is a very good chance that King Hussein will be given — will have — the support of the Arab community and the Palestinian community of such a nature that he will be able to proceed."

■ Habib Meets Hussein

President Reagan's Middle East envoy, Philip C. Habib had talks with Hussein on Sunday after arriving in Amman from Israel on an unannounced visit, Reuters reported, quoting the Jordanian news agency Petra.

With its mandate and powers expanded, in meeting Israel's concern that its northern border be secure against further attacks from southern Lebanon.

When Israel invaded Lebanon on June 6 to begin its drive against Palestine Liberation Organization guerrillas, its announced goal was to create a 25-mile (40-kilometer) buffer zone in southern Lebanon. U.S. officials began working on a plan for the United Nations to oversee such a zone, but then Israel advanced to Beirut.

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A Lebanese Army soldier stands guard in Beirut as a truck pulls away with several persons who had been detained. The army has begun arresting anyone whose identity papers are not in order.

UN Assembly Condemns Massacre And Asks Security Council Probe

By Bernard D. Nossiter
New York Times Service

UNITED NATIONS, New York

— The General Assembly has voted overwhelmingly to condemn the massacres in the Beirut refugee camps and has called for an investigation by the Security Council.

Only Israel and the United States voted Friday against the document. The other 147 nations present, including Israel's traditional supporters in Western Europe, voted in favor. No nation abstained.

The U.S. representative, Charles M. Lichtenstein, argued that the resolution as a whole would only worsen conflict in the Middle East. However, he won a separate ballot on the lone paragraph urging an inquiry and here the United States joined 145 states in unanimously voting yes. Israel took no part in that vote.

The outcome climaxed an afternoon and evening of oratory in which Third World countries and the Soviet bloc repeatedly accused Israel of genocide.

The harshest speech was by Zuhdi Labib Terzi, the Palestine Liberation Organization observer here.

"Nothing can atone for these crimes," he said, in an allusion to Yom Kippur, the Jewish Day of Atonement, which is being observed Monday. "The Judeo-Nazi junta in Tel Aviv cannot atone for this crime

Reagan Assails Linkage Of Anti-Inflation Fight And U.S. Jobless Rate

By Steven R. Weisman
New York Times Service

WASHINGTON — President Ronald Reagan, differing sharply with his own nominee for chairman of the Council of Economic Advisors, says it is "the most cynical town of demagogery" to suggest that recent progress on inflation had contributed to unemployment.

During his weekly Saturday radio address, Mr. Reagan accused Democrats in Congress of "exploiting helpless people for their own political gain" by making the charge that "our administration fights inflation by putting people out of work."

Mr. Reagan sounded angry in his comments about the Democrats, but made no reference to a similar statement by Martin S. Feldstein, his choice for chairman of the economic advisory panel.

The president acknowledged that recent progress on inflation "isn't easy for people to see" because prices were continuing to increase. "But it hasn't gone up as much as it did in each of those last few years," he said, referring to inflation. He then reminded listeners that inflation had been the No. 1 issue of the 1980 presidential campaign.

Coldness of Promises

On Wednesday, Mr. Feldstein, a former economics professor at Harvard University, was critical of the Reagan administration promises made in 1981 that inflation could be cut painlessly.

At his confirmation hearing before the Senate Banking Committee, Mr. Feldstein said: "Extremists among both the supply-siders and monetarists who predicted that inflation would be reduced without raising unemployment have been decisively proven wrong."

By supply-siders, Mr. Feldstein was referring to those who said last year that a three-year tax cut would produce economic growth without inflation. By monetarists, he was referring to those favoring a tight-money policy as a means to curb inflation.

Responding to Mr. Reagan on behalf of the Democrats, Representative Peter A. Poyer of New



Wearing a makeshift mask, a guerrilla in Honduras uses two hostages as a shield as he boards a bus to go to the airport.

Rebels Free Captives And Leave Honduras

By Christopher Dickey
Washington Post Service

SAN PEDRO SULA, Honduras

The eight-day hostage drama that has shaken Honduras has ended with the 12 leftist guerillas flying to Panama City aboard a Panamanian Air Force plane that was requested by the Honduran government. The guerrillas are expected to go to Cuba.

The remaining 32 of the 107 captives, including two government ministers, other officials and top business leaders, rode with the guerrillas on Saturday in a bus that took them to the airport. The captives lined up as a human shield on the runway to protect the insurgents as they boarded the plane.

Leaders of Honduras' major businesses, as well as the economic and Treasury ministers and the head of the Central Bank, had been among 107 persons initially held. However, dozens of hostages were released since the guerrillas, who called themselves the Cinchoneros Popular Liberation Movement, took over the Chamber of Commerce building on Sept. 17.

No loss of life was reported during the episode.

The 8-month-old civilian government of President Roberto Suárez Córdova acceded to none of the guerrillas' substantive demands, which included the release of persons they believed were being held prisoner, according to the two Roman Catholic bishops who conducted much of the negotiations.

The papal nuncio, Archbishop Andrea Cordero Lanza di Montezemolo, who served as head of the negotiating team commented that the talks were "pretty difficult, pretty hard, moving along just a bit at a time."

"They asked for many, many things and got nothing at all," he said.

However, speculation arose, even among the freed hostages, that the guerrillas may have received what they wanted — publicity for their organization and, it is believed by many observers here, the beginning of a political polarization in this relatively peaceful Central American country.

Congress, Reagan Seem To Be Avoiding Clashes

By Helen Dewar
Washington Post Service

WASHINGTON — With the Senate's passage Friday of a White House-backed housing appropriations bill, the Congress and President Ronald Reagan seem to be moving to avoid further clashes before Congress adjourns this week for the Nov. 2 elections.

Barring possible troubles with the huge stopgap spending bill that Congress must approve for the entire government by Friday, congressional leaders who once feared that the pre-election session would end with a bang are now cautiously optimistic that it may wind up without even a whimper.

"Neither side is looking to pick a fight," said a Senate Republican leadership aide. "Hardly anyone wants a veto confrontation."

As for the big "continuing resolution" to fund the government after the new fiscal year begins Friday, there is a mounting sense on Capitol Hill that no one gains from holding the government hostage in fights over spending priorities, often involving relatively minor sums.

Hastfield Expects No Vote

The Senate Appropriations Committee chairman, Mark O. Hatfield, an Oregon Republican, said Friday he believes the administration is less keen to veto the continuing resolution than it was last year, when a veto stalemate closed most of the government for a day. Mr. Hatfield supported the successful congressional override earlier this month of Mr. Reagan's veto of a supplemental appropriations bill.

And he indicated that Congress, eager to get home to campaign, may move to accommodate Mr. Reagan to get the continuing resolution passed without any major hitches.

Mr. Hatfield said that when Mr. Reagan called him Friday morning to voice concern about proposed reductions in U.S. troop levels in Europe, he told the president that that provision may be excluded from the continuing resolution in the interests of a "lean, clean" bill. This would leave the issue to be decided when Congress adopts a regular military appropriations bill, perhaps not until next year.

The housing bill, the first appropriations measure to pass the Senate, is another case in point.

The White House has indicated it can live with the \$47.5-billion

Poll Finds Anger and Frustration Prompt Decline in Voting in U.S.

By Barry Sussman
Washington Post Service

WASHINGTON — Explaining why he did not vote in the 1978 congressional elections, a 27-year-old oil field machinery repairman in a small town in southwest Texas said, "I didn't feel any of the candidates were qualified." From what he says, he probably won't vote this year either.

A 44-year-old woman who works in a factory in northern New Jersey also is unlikely to vote in November. In 1978, "I wasn't interested in any of the candidates," she said. "They weren't helping poor people, they were helping the rich."

Another probable nonvoter is a young doctor from suburban Detroit who did not vote in the 1978 congressional or 1980 presidential elections. Her first inclination was to blame herself, saying, "Apathy, I suppose."

But apathy is only part of the story. For the great majority of citizens interviewed in a nationwide Washington Post-ABC News poll, anger at Congress and frustration with the Democratic and Republican parties are important factors in the growing phenomenon of nonvoting in the United States.

2 Des Moines Papers Are Merged by Owner

The Associated Press

DES MOINES, Iowa — The Des Moines Tribune published its final edition Saturday and will begin publishing a joint edition Monday with The Morning Register. Officials of the Des Moines Register and Tribune Co., which owned both papers, cited shrinking profits and changes in the marketplace.

The Tribune's circulation was 147,000 in 1981 but had dropped to 68,000 by this year. The Morning Register's circulation has changed little from the 220,000 recorded in 1981. About 180 of the Tribune's 1,130 employees lost their jobs in the merger.

The poll showed little difference in the anger expressed by voters and nonvoters, except for one significant divergence. Voters are much more likely than nonvoters to believe that there is a great deal of difference between the two major political parties.

According to the poll, nonvoters as well as voters hold Congress in deep contempt. This is reflected in responses to several questions from the poll, in the form of statements answered by "agree," "disagree," or "no opinion."

Seventy-two percent of those polled agreed with the statement: "To win elections, most candidates for Congress will make campaign promises they have no intention of fulfilling." Twenty-two percent disagreed, and 6 percent offered no opinion.

To the statement, "Most members of Congress care deeply about the problems of ordinary citizens," 40 percent agreed, 53 percent disagreed and 7 percent ventured no opinion.

Seventy-three percent agreed with the statement, "Most members of Congress will tell lies if they feel the truth will hurt them politically," while 19 percent disagreed and 8 percent gave no opinion.

And to the statement, "Most members of Congress care more about keeping power than they do about the best interests of the nation," 64 percent agreed, 28 percent disagreed and 8 percent offered no opinion.

Canadian Panel Said to Back OAS Membership

By Michael T. Kaufman
New York Times Service

OTTAWA — After a year and a half of study, a parliamentary committee is reportedly ready to recommend that Canada join the other nations of the Western Hemisphere in the Organization of American States.

The question has been one of the perennial of Canadian foreign policy since the 1940s, when the United States blocked Canada's admission to the Pan American Union, the organization's precursor, on the ground that members of the Commonwealth should be excluded.

That objection evaporated soon after World War II, and since then Canada has hesitated for reasons of its own, maintaining only observer status in the organization.

Opposition to full membership stemmed from a widely held feeling that if Canada joined, it would face the increased risk of openly alienating either the United States, its main partner in trade and culture, or the poor and developing countries of the Third World, whose causes it has championed in the talks between rich and poor nations.

Falklands Lesson

In the course of the committee hearings, the impact of this polarization was made clear by the fighting in the Falkland Islands. Though Canada's support for Britain in that conflict was as great as that of the United States, and the popular sentiment here was even more pro-British, the country did not have to take a position in the OAS debates.

Offering such concerns has been Canada's rapidly deepening involvement with Latin America, especially in the last two years. In that time the Canadian government and public have been engaged by the fighting and elections in El Salvador, by the diplomatic wrangling over American suggestions for development of the Caribbean, by the Falklands and by the shattering of the Mexican economy. At the same time, as Canadian aid to Asia has fallen in the last decade, aid to Latin America has increased.

The special nonpartisan committee will make its final report to Parliament next month. According to officials in the Department of External Affairs, the group will almost certainly agree that not joining

NATO Body Reported To Pick Dutch General

United Press International

LONDON — General Cor de Jager, chief of the Netherlands' military staff, was named chairman of NATO's Military Committee, the alliance's highest military body, according to Dutch military officials.

The central demand was aimed at the release of alleged political prisoners and what was termed "disappeared people," who included Salvadorans the rebels believe are held in police custody here.

The most important of the prisoners was a Salvadoran guerrilla commander, Alejandro Montenegro, who was seized in the capital of Tegucigalpa on Aug. 22. But by the time negotiations had begun for his release, Honduras had reportedly deported him to El Salvador.

Ramon Milla Nedra, 44, a business adviser who was among the 20 hostages released Thursday, said he believed that "70 percent of their business was public relations and that is what they got."

The guerrilla chief in the takeover called himself simply *Uno*, or "One," and had been praised by some of the hostages for his treatment of them. The local press was filled with admiring descriptions of him by the hostages.

Moderate Honduran leftists voiced concern that the crisis may provoke political repression and strengthen the hand of conservative military officers. Honduran journalists who printed the guerrillas' communiques have found government officials accusing them in private of having communist sympathies.

ing the OAS would be an evasion of international responsibility.

According to Canadian officials familiar with the work of the parliamentary committee, the thorniest issue in its study involved considerations of human rights violations in Latin America. In the group's interim report, released two months ago, seven conservative members on the committee filed a dissent that accused the committee of maintaining a double standard on human rights questions de-

pending on whether the offending regimes were of the left or of the right.

Sinclair Stevens, a member of the Progressive Conservative opposition, said he found human rights to be routinely trampled in Ghana, a country that he asserted became the chief recipient of Canadian aid on a per capita basis. Mr. Sinclair said that if the internal report sought to gloss over the situation in Guyana he would probably submit a dissenting document.

Cuban Bid in UN to Call Puerto Rico U.S. Colony Fails

New York Times Service

UNITED NATIONS, New York — The United States has won a decisive victory on the floor of the General Assembly in defeating a Cuban attempt to declare Puerto Rico a colony of the United States.

The United States won wide

backing against the Cuban effort on Friday. The 70-30 vote with 43 abstentions reflected large support from Latin America and Western

Europe, and abstentions came from key nations such as India, Mexico, Kenya and Yugoslavia.

Jean J. Kirkpatrick, the chief U.S. delegate, said that the vote was "a question of fairness and of law and respect for the principles of self-determination."

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Spanish Church Urges Voters to Support Foes of Abortion, Divorce

The Associated Press

MADRID — The Roman Catholic Church of Spain, shedding a cloak of proclaimed political neutrality, is urging voters in next month's national elections to back parties opposing abortion and divorce.

While a 10-point declaration issued this weekend fell short of endorsement for outgoing moderate and conservative parties, the Spanish Bishops' Conference has minded devout Catholics to back parties that respect "fundamental lines." The declaration was immediately contested by leftist par-

The country is preparing for a one-day visit by Pope John Paul three days after the Oct. 28 elections, in which the Socialists are expected to gain power.

Besides the issues of abortion and divorce, the bishops singled out defense of parochial schools — tended by a quarter of Spanish students — whose state subsidies could be phased out if the Socialist platform were adopted.

Felipe González, who could become the first leftist prime minister since the civil war that brought Franco to power in 1939, has toned down some of the Socialist party program in an attempt to win voters from the ruling Union of Democratic Center, which is split into four parties.

While supporting a recent law producing civil divorce, the Socialists advocated legalized abortion only in cases of rape, and danger to the mother's life or malformation of the fetus.

A few months after last year's coup attempt Mr. González and 12 Spanish bishops met secretly to open channels of communication. More recently, Mr. González conferred with the president of Spanish bishops, Monseignor Gabino Diaz Merchan, urging a postponement of the papal trip, scheduled before Prime Minister Leopoldo Calvo Sotelo asked the king to dissolve the Cortes and hold early elections.

The pope subsequently decided to put back his trip to Oct. 31.

The Socialists did not comment officially on the church's statement, but party sources applauded the bishops' unequivocal condemnation of any prospective rightist coup to block a government headed by the Spanish Socialist Workers Party.

"After the elections it is compulsory to follow popular will and respect the government elected at the polls, continuing to cooperate, even if it is constructive opposition," the bishops said.

The Spanish Communist Party, which polls forecast will get 5 to 7 percent of the vote, branded the bishops' statement "interference into the right of citizens to vote according to their consciences."

For more than a decade since the death of Franco, the Spanish church has been steering a careful course of neutrality under the guidance of primate Cardinal Vicente Enrique y Tarancón, who has now reached the retirement age of 75.

While speaking out on moral issues, it had carefully avoided identification with any party.



David Steel, leader of the British Liberals, acknowledging applause at the party's conference.

British Liberals, Avoiding Disputes, Try to Invigorate Centrist Alliance

By Susan Billington
New York Times Service

BOURNEMOUTH, England —

The Liberal Party gathered last week in this relaxed coastal town, where its greatest leader, William Gladstone, spent his dying days, for a conference designed to breathe new life into its alliance with the Social Democratic Party.

The party leadership kept contentious issues off the agenda and boosted alliance unity in a series of speeches and announcements that culminated on Friday in a keynote address by the party leader, David Steel, in which he said that the alliance was becoming "the real opposition to the Tories."

In a speech on Saturday, Roy Jenkins, the Social Democratic leader, urged an end to quarrels between the two parties so that they could prepare for the next general election. "Our aim is to win seats, not just fight for them," he said.

But the leaders could not fully quell discontent among some Liberal members who believe that the alliance, which was formed last year, is hurting their party more than helping it.

Michael Meadcroft, a Liberal parliamentary candidate, bitterly attacked Mr. Steel for his "dismis-

sive attitude" to his followers in an interview midway through the conference. And Tony Greaves, secretary of the Association of Liberal Councillors, said in an interview on Wednesday that "the alliance is getting in the way of what we're trying to do as a party."

Hopes Dampened

The Liberal Party, which last governed Britain in the 1920s, voted a year ago to join the alliance. But initial hopes have since been dampened by disputes between the two parties over the sharing of parliamentary seats. This combined with a surge of public support for the government after the Falkland Islands crisis to damage the alliance's performance in opinion polls.

Although Liberals meeting in Bournemouth were less optimistic about the alliance, they were also more confident about their own party's strength. For the first time they are running ahead of the Social Democrats in opinion polls. The most recent Gallup survey gave the Liberals 12 percent support and the Social Democrats only 8.5 percent.

The Liberal Party also outperformed the Social Democrats in the May local elections with the help of a strong grass-roots organization that their newer partner lacks. The Liberals won 407 local council posts to the Social Democrats' 85 and now have more elected local councillors — city and county council members — than at any time in their history.

This new strength makes many Liberals even more hesitant to help the Social Democrats win elections. About 60 prospective Liberal parliamentary candidates have been asked to step down to allow Social Democratic candidates to any time in their history.

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Mr. Suzuki was quoted by a spokesman as having told Mr. Zhao that Japan could become a great economic power but will definitely not become a great military power again.

Mr. Suzuki's visit was scheduled to coincide with the 10th anniversary of the normalization of diplomatic relations between China and

run in their place in the next general election.

On the eve of the Liberal Party conference, the Social Democrats conceded about half a dozen of these hotly contested seats back to the Liberals in an effort to avert anti-alliance protest.

"Liberal this year are more sober and responsible and less fun and frivolous," said Richard Holme, a former Liberal president.

"For the first time they see themselves not just as a party of protest, a safety valve for those who don't like the system, but as a party of government."

At the assembly's opening, the two parties announced that in January they would hold rallies and issue a joint election platform containing U.S.-style "priorities" that the two parties hold in common rather than the more specific policy commitments normally put forth in British party manifestos.

On the eve of the Labor Party's annual conference in Blackpool, the union voted to back Mr. Foot's call for the expulsion of militant Trotskyists and others who he says are undermining the party's democratic machinery.

■ **Foot Gets Union Support**

Michael Foot, leader of the opposition Labor Party, won support Sunday from the country's biggest trade union, the 1.25-million-member Transport and General Workers' Union, for his proposal to purge the party of extreme left-wingers. Reuters reported from Blackpool.

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■ **Britain's View**

To save face, China can claim

tutelary sovereignty and even fly its flag over the capitalist city-state, British diplomats say. But for the foreseeable future, they contend, Britain must run Hong Kong to prevent a huge flight of people and capital. This view is shared by most of the Hong Kong Chinese, who constitute 99 percent of the 5.2 million residents. The British symbolize the existing order, and their presence is necessary to maintain confidence. Without confidence, the colony's currently dynamic economy would wilt.

The people in Hong Kong are very worried," reported Joseph Cheng, a political scientist at the Chinese University of Hong Kong.

"It is absolutely essential that a British administration be retained,

so that would be disastrous," said Jimmy D. McGregor, director of the Hong Kong General Chamber of Commerce. "But I fear that is what Peking has in mind."

The London-Peking negotiations, which may last a year or more, will be delicate. If China feels it has to choose between national dignity and economic benefit, then "it will undoubtedly choose national dignity," a British diplomat predicted.

The solution that seems palatable to China and likely to have the least negative effect on the economy would be granting sovereignty to China, maintaining British administration for some

lengthy, but unspecified period, and scrapping the lease with its 1997 fuse. Unless it appears that negotiations are leading toward such a settlement in the next year or two, the Hong Kong economy will suffer, business and government officials predict.

Such a solution should logically

emerge from pragmatic considerations given the strong economic interdependence between China and Hong Kong. The colony's entrepreneurs are the principal investors in China's special economic zones — enclaves of free-enterprise and foreign investment on which it is depending to help create employment and development. If China is to industrialize, it needs a thriving capitalist Hong Kong.

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Last week, Chinese officials reiterated the rather vague position they have taken in recent months.

China, they say, will reassert its sovereignty over Hong Kong, but the prosperity and social system of the city-state will not be affected.

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U.S. Sends a Mission To Angola, Renewing Bid for Cuban Pullout

By Bernard Gwertzman
New York Times Service

WASHINGTON — The United States has sent a high State Department official to Angola in a renewed effort to bring about the withdrawal of Cuban forces from Angola — the key remaining problem holding up an agreement on the independence of South-West Africa, State Department officials say.

The mission to Angola followed an earlier set of unpublicized discussions on southern African issues by high-ranking U.S. and Soviet officials in Geneva last Monday.

The talks in Geneva and the mission to Angola were not directly related, the officials said. But they added that both were crucial with negotiations intensifying on producing an agreement for ending South Africa's control over South-West Africa, known also as Namibia.

U.S. officials said that the goal of achieving Namibia's independence depends on producing a separate but parallel accord with Angola to end the presence of about 15,000 to 20,000 Cuban troops in Angola.

The South Africans, who would have to phase out their troops from Namibia under the settlement, have made an agreement conditional on the Cuban withdrawal from Angola. The Angolans have rejected any formal linkage. The Reagan administration, which took office contending that there had to be linkage, has modified its public position in an attempt to achieve success in the negotiations.

In an effort to meet Angola's demands, while at the same time achieving the objectives set, the United States now talks of the Namibian independence negotiations and the Cuban withdrawal from Angola as "separate matters being negotiated in separate channels," but "related as a matter of logic and geography."

The talks in Geneva last Monday involved Chester A. Crocker, assistant secretary of state for African affairs, and Leonid F. Ilyichev, a Soviet deputy foreign minister, a department official said.

The Soviet Union is the chief financial and military backer of the South-West Africa People's Organization, the main guerrilla group fighting for Namibian independence. Known by its initials, SWAPO is based in Angola, Zambia and in Namibia.

African diplomats have told the United States that Moscow was privately discouraging SWAPO and key African states from agreeing to the formulas worked out

largely by a five-nation Western group, made up of Britain, Canada, France, the United States and West Germany.

Mr. Crocker reportedly received no comments from Mr. Ilyichev, but U.S. officials hope that the Soviet Union will privately be helpful. The talks will be continued Tuesday, when Secretary of State George P. Shultz confers with Foreign Minister Andrei A. Gromyko.

In recent months, the United States and the Soviet Union have held high-level talks on different regional matters of concern.

The issues left unresolved, besides the crucial question of Cuban withdrawal, an official said, are the following:

- The election system to be followed in Namibia. It will either be proportional representation or single member districts. Earlier, the Western nations had offered a mixture of the two. SWAPO has said it will accept either one, but not both.
- The official said that it is now up to South Africa to tell the UN representative which one it prefers.

• The composition of the UN force. The countries to be included have not been decided, and the financing and logistic support also is being negotiated, primarily by the United Nations.

Once all the details are worked out, the UN Security Council will be asked to approve carrying out the plan. But an official said that as a practical matter, the matter will not be brought to the Security Council before an Angolan formula is worked out.

If the Cuban troops withdraw from Angola, the United States will move promptly to establish formal diplomatic relations, officials have said.

The Angolans reportedly want very much to normalize relations with the United States to become eligible for better economic ties and in the hope that the United States would be able to bring about an end to the civil strife in Angola, involving the forces of Jonas Savimbi, the head of the forces known by their initials as UNITA.

■ Attacks Reported Increasing

The Angolan Defense Ministry claimed Saturday that South African troops were intensifying air attacks and artillery bombardment of military targets 200 kilometers (125 miles) inside Angolan territory. The Associated Press reported from Lisbon.

Citing a report by the Angolan national news agency, it said that South African forces launched repeated attacks last week on Angolan Army units in the country's southern province of Cunene. The Department of Foreign Affairs, said

China Denies It Sold Uranium to Pretoria

Foreign Ministry Official Declares Report of Sale Is 'Fabrication'

By Christopher S. Wren
New York Times Service

BEIJING — China has described as "sheer fabrication" a report that it had sold low-enriched uranium to South Africa and other countries.

The official denial was issued Saturday, nearly a week after The New York Times reported on Sept. 19 that the United States was holding up a nuclear cooperation agreement because it suspected that China was rendering nuclear aid to Pakistan and other nations that were believed to be developing nuclear weapons.

The story quoted unnamed officials as saying that China was also believed to have sold low-enriched uranium to South Africa through private channels and had possibly

sold heavy water, which is needed for nuclear reactors using natural uranium, to Argentina and India.

On Saturday evening, a spokesman from the information office of the Chinese Foreign Ministry called some foreign correspondents here to issue a denial.

"It has recently been reported by The New York Times that China has sold low-enriched uranium to South Africa and other countries. This report is sheer fabrication," said the spokesman, who would not be identified by name.

The denial did not address the other points of the newspaper story and the spokesman would not comment further.

The Chinese government has been particularly sensitive to charges that it has sold uranium indirectly to South Africa, with whom

it has no diplomatic relations. China has taken the side of black African countries who oppose the apartheid policies of South Africa.

It was unclear why the Chinese government decided to issue a denial nearly a week after the story appeared. However, the Chinese raised their interest in nuclear power technology with the British prime minister, Margaret Thatcher, during her visit here earlier in the week, and U.S. reservations about such sales may have come up then.

China has approached both Britain and the United States about buying technology for two 900-megawatt heavy water reactors that it intends to build in southeastern Guangdong province. It is planning another 300-megawatt reactor in Shanghai, using Chinese technology.

S. Africa May Seek New Leaders for Namibia

By Joseph Lelyveld
New York Times Service

JOHANNESBURG — The South African government appears determined to replace the multiracial interim regime it set up in the disputed territory of South-West Africa four years ago as an alternative to the black nationalist movement known as the South-West Africa Peoples Organization.

The interim regime, which has had limited authority to set policy for the South African officials who actually administer the territory, has been headed since its creation by Dirk F. Mudge, a white rancher of Afrikaner origin.

Mr. Mudge has also been the dominant figure in a political front of 11 ethnically based parties called the Democratic Turnhalle Alliance.

The interim regime, which has

flatly that it would not serve in a government whose members were chosen by South Africa, rather than by means of an election.

Mr. Mudge has charged that South Africa's apparent plan to take him out was designed by the military intelligence branch of the South African Army.

The prime minister has said only that he wants to see a "more representative" national assembly in Namibia and a "more efficient" interim government.

New Alliance Sought

In practice, official sources say, South Africa seeks to put together a new governing alliance made up of the strongest political parties representing the various ethnic and racial groups that make up the Namibian population of about one million.

This new front would presumably do what the Turnhalle Alliance

was designed to do: present itself as an alternative to SWAPO if Western efforts to produce a settlement bear fruit and an election is held under United Nations auspices.

Most independent observers believe that the black nationalist group, which has been waging a low-level guerrilla war against South African forces, would crush the Turnhalle Alliance if an election were held now.

Twenty months ago, at a United Nations conference in Geneva on Namibia, South Africa refused to agree to a cease-fire date. South African diplomats explained that the Turnhalle Alliance needed two years to prepare for an election.

The effort to replace the Turnhalle Alliance with yet another coalition of ethnically based parties represents a tacit admission that time has been working against Mr. Mudge.

Another would be the rightist national party that represents most Afrikaners and flatly rejects the principle of majority rule that is supposed to be enshrined in a new Namibian constitution.

Support for him has steadily waned among the two ethnic groups that matter most in South Africa's calculations — the Afrikaners, who account for more than half the territory's 75,000 whites, and the Ovambos, who make up a bare majority of the total population.

The new alliance would bring together parties of virtually antithetical viewpoints. One of its pillars would be a new party formed by Peter Kalanga, an Ovambo who had been the nominal president of the Turnhalle Alliance. He quit early this year, destroying Mr. Mudge's refusal to give up ethnic politics and turn the Turnhalle Alliance into a national party.

Another would be the rightist national party that represents most Afrikaners and flatly rejects the principle of majority rule that is supposed to be enshrined in a new Namibian constitution.

At a 1959 civic dinner during a visit by Khrushchev, he told the Soviet leader from the podium, "We do not agree with your widely quoted phrase, 'We shall bury you.' You shall not bury us and we shall not bury you."

In reply, Khrushchev said angrily that he had already explained what his statement meant: that communism, as it evolved, would overtake capitalism. He then admonished: "I trust that even mayors read the press. At least in our country the chairman of the city council reads the press. If they don't, they risk not being elected next time."

It was also Mr. Poulson who worked out a deal through which

Walter O'Malley, the Dodgers' owner, obtained 300 acres in Chavez Ravine to build a stadium. The transaction, which caused a political controversy, was the key to Mr. O'Malley's decision to move the Dodgers from Brooklyn before the 1958 season.

Muzahim Pachachi

GENEVA (AP) — Muzahim Pachachi, 91, a former prime minister of Iraq and one of the early leaders of the Arab nationalist movement, died Thursday.

Mr. Pachachi published an Arab nationalist newspaper in 1913, while Iraq was under Ottoman rule, and he held key posts under the British administration after World War I. He served as interior minister after independence in 1932 and as prime minister and foreign minister in 1948-49.

South Africa Building Arms Industry With Initiative, Subterfuge

By Allister Sparks
Washington Post Service

JOHANNESBURG — South Africa's state-owned armaments corporation gave a champagne breakfast recently to begin a sales campaign for a new mobile artillery system it developed with the aid of data obtained illicitly from an American company.

It was the first public attempt to enter the international arms market by a country that was subjected to a United Nations arms embargo in 1977 and now claims to be the noncommunist world's 10th largest producer of arms.

Officials of the corporation, called Armscor, say they are sending a team of salesmen abroad to try to boost South Africa's exports from their present \$8.6 million a year to an initial target of \$130 million.

They say they are prepared to sell to any country that is neither communist nor hostile to South Africa, and they name their target markets as Latin America, the Middle East, the Far East and Africa.

Wide Selection

In addition to the 155mm artillery system put on display, which Armscor's chairman, Pieter Marais, says is capable of firing a tactical nuclear warhead, South Africa is also offering missiles, armored cars, troop-carrying vehicles, fast missile boats and sophisticated telecommunications equipment.

The South African government established Armscor 14 years ago as a procurement and manufacturing agency, after it found itself facing an increasing number of arms boycotts by countries wanting to distance themselves from its apartheid policies.

The United States began restricting the sale of arms and strategic materials to South Africa in 1963; in 1977 it imposed a mandatory embargo with the passing of the UN resolution.

Strict Secrecy

Today Armscor is one of the country's largest industrial groups, with assets of about \$1.2 billion. Last year it employed 29,000 people.

Armscor and its 800 private suppliers all operate under the stringent secrecy laws that cover military matters. Virtually nothing may be said about any of Armscor's activities without the approval of the minister of defense, Magnus Malan. The private contractors are sworn to secrecy. Their factories are classified, and nothing may be published about what happens there.

Working in this cloak-and-dagger fashion, Armscor has made

South Africa self-sufficient in requirements for the army, though not for its small navy and air force.

Many of Armscor's more complex weapons systems have been acquired by getting around sanctions abroad. The case of 155mm artillery system illustrates the kind of subterfuge and initiative that have been induced by arms embargoes.

Border Plant

As Mr. Marais explained, South African Army discovered when it came against Soviet-tipped weapons during its 1975 intervention in the Angolan civil war that it was seriously deficient in a key equipment. Armscor asked to rectify this.

Through contacts in Belgium Armscor was put in touch with George Bull, an American technician who ran the Space Research Corp. The company is registered in Canada and the United States and is situated on the Connecticut-Vermont border with a leading into both countries.

Mr. Bull was developing an extended-range artillery system called the G4. Armscor bought 19.9 percent share in his Canadian company, and the deal includes the right to run arms research through the Space Research Corp.

Mr. Bull also supplied Armscor with 155mm extended-range shells and at least four barrels. A study last March by the Armscor subcommittee of the U.S. House Foreign Relations Committee accused the CIA and the State Department of negligence in allowing these deliveries to take place.

Year of Silence

Mr. Bull and Space Research vice president, Rodgers Gregoire, were charged with violating federal export regulations. They pleaded guilty and were sentenced to one year's imprisonment, with months suspended. The company was also fined \$45,000 but subsequently filed for bankruptcy.

Despit what happened to Bull, Armscor had its gun, an adaptation of the G4 that it calls the G5. With its secrecy law, kept quiet about its acquisition more than a year until the House subcommittee's disclosures March.

Now Armscor has developed gun further, calling the new version the G6, and has mounted on a highly mobile self-propelled armored chassis. The result is combination of a large armament and an extended-range car.

"It is the most sophisticated weapon of its kind in the world," Mr. Marais proudly said.

Grand Class



How to relax as you fly.

This new symbol stands for the Grand Class of Iberia, International Airlines of Spain.

Everything in Grand Class is designed so that you will discover the ultimate pleasure of flying.

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The Spanish challenge.

Give the folks back home a picture of Europe and save enough on the call to paint the town.

When you're having the most colorful trip of your life, let your family and friends have a "look" right along with you. Give them a call. But first, check out all the money-saving tips below, so you have a clear picture of how to call for less.



Bell System
Bell



Save on surcharges. Many hotels outside the U.S. charge exorbitant surcharge fees on international calls. And sometimes the fees are greater than the cost of the call itself. But if your hotel has TELEPLAN, the way to keep hotel surcharges reasonable, go ahead and call. No Teleplan? Read on!

There are other ways to save money. Save with a shortie. In most countries there's no three-minute minimum on international dialing. So if your hotel offers International Dialing from your room, place a short call home and have them call you back. And you pay for the callback from the phone.

with dollars, not local currency, when you get your next home or office phone bill. Save these other ways. Telephone Company Calling Card and collect calls may be placed in many countries. And where they are, the hotel surcharges on such calls are usually low. Or, you can avoid surcharges altogether by calling from the post office or from other telephone centers.

Save nights & weekends. Always check to see whether the country you're in has lower rates at night and on weekends. Usually the savings are considerable. Now you know the whole story.

In Defense of Détente

ince no turbines are being loaded onto Soviet freighters at present, the quarrel over Siberian natural gas pipeline has shifted from hardware to diplomacy. Europeans find it especially exasperating that the American attack on the pipeline is sliding from one issue to another. First, Americans objected that it would make Western Europe excessively dependent on Soviet energy. The Europeans thought they had argued that one when the White House told in the pipeline deal had to be abrogated to keep the Russians from martial law in Poland. The Europeans replied, and Americans said that the reply was irrelevant because, anyway, the pipeline would earn hard currency for the Soviet military budget.

Long ago, the Europeans began to suspect that the Reagan administration's real objection was not to the pipeline alone but to trade with the Soviet bloc in general, and particularly to the policy known as détente, to which that trade is crucial. West Germany's going foreign minister, Hans-Dietrich Genscher, responds in the current issue of *Foreign Affairs*. His case deserves careful attention in the United States because his views are widely held in West Germany. He agrees that the Soviet Union's tendency toward aggression, notably in Afghanistan, is threatening. But Mr. Genscher says, it is not consequence of détente. He blames Soviet behavior on Western — that is, on American

failure to maintain the necessary balance of forces. Part of it was the American refusal to match the acceleration of Soviet military spending in the 1970s. Part of it was the American refusal to respond to Soviet adventuring, in, for example, Angola.

As for Poland, Mr. Genscher contends that Solidarity would never have taken shape in the absence of détente and of the "intensive human and economic relations" it provided between Poland and the West. There is a good deal to that. West European trade with the East is minor in economic terms; its real importance to the West is in the access it requires communist governments to allow.

The administration wants to punish the Soviets, for their part in the Polish events. The West Germans think that if the pressure is great enough to be felt, it will only help the Soviet regime by cranking up nationalism. Instead, they counsel support for the military balance and for continued trade, with its tendency to undermine communist authority.

These are differences of tactics that reasonable people can usefully discuss. In contrast, Mr. Reagan is now trying to use economic sanctions against the West European democracies themselves to bludgeon them into a policy they consider wholly mistaken. That can only divide allies to the benefit of none but the Russians. Mr. Genscher warns, and there, unfortunately, he is right.

— THE WASHINGTON POST.

The Israeli Conscience

To its credit, Israel is in turmoil. Whatever profit it is to its enemies, however great the poverty of many of its critics, it is a society that refuses to let its leaders avert their eyes in the blood of innocent Palestinians.

Along with pained friends the world over, Israelis are struggling to hold their government standards that no one, in seven years, defended of Christian and Moslem murderers. Lebanon. Even as Prime Minister Begin's Defense Minister Sharon hurls back the charge of treason, waves of Israelis, studding soldiers, are spurred by horror and shame to assert their humanity.

That fact is the essential starting place for who look back upon Sabra and Chatila for instruction in the meaning of responsibility.

Begin's defiant refusal to take any blame, even to submit to independent inquiry, has only compounded the damage to Israel's reputation — and security. Mr. Sharon's inequitable accoumptings have only stimulated calls of confounding testimony about every bit of his Lebanon operation. But the anguished responses are also coming of Israel, and they have been tellingly summarized by our colleague, David Shipler (*IT, Sept. 25-26*): "No one suggests that Israeli troops participated in the massacre. But a country that rose out of Hitler's death camps, the answer 'We did not do it' and 'we did not know' are not enough."

Nor will it be enough for Israel's leaders, diggedy to confess "errors of judgment," the misjudgments that made Israel even an unwitting accessory to Phalangist barbarity of a piece with the misguided policy of using terror with terror. It all has its roots

— THE NEW YORK TIMES.

Other Opinion

Need of the Moment

here will be some — particularly given the fervor with which Israel has been condemned by newspapers not otherwise galvanized by the killing of innocents in the Middle East or elsewhere — who will share the Israeli cabinet view that the Jewish state is victim of a "blood libel." But this emotional reaction does not meet the need of the moment. The Israeli government bears indirect responsibility for what happened. No rationalizing can alter this fact, or that Mr. Begin and Mr. Sharon personally must carry responsibility. The best service both can perform for the state of Israel, the good of the Israeli defense forces and the future of the Jewish people is to resign.

— *The Jewish Chronicle* (London).

In the spring of 1940, British forces in Norway were overwhelmed by the Nazis. On May 7, Prime Minister Neville Chamberlain led a critical motion by the Labor opposition in the House of Commons. His Conservatives had a big majority. But a respected Conservative backbencher, Leopold Amery, a man addressed to Mr. Chamberlain as "that Cromwell," had said to the Long Parliament 300 years before: "You have sat long here for any good you have been in. In the name of God, go!"

Forty Conservatives voted against Chamberlain and 60 abstained. Three days later, Winston Churchill became prime minister. Many would say that the reverse of the Commons to crisis, its ability to save Britain.

of the Israeli Knesset now

's of state and of communities threaten Israel as '40. But in a very real in the balance — or continues for long

OUR PAGES 75 AND 50 YEARS AGO

1932: Rights for 'Untouchables'

BOMBAY — Untouchability, which until now has kept millions of India's outcasts degraded below the lot of animals, will be abolished if the agreement reached by a fully attended conference of Hindu leaders is regarded as valid. Declaring that the "untouchables" would henceforth have full rights to enter temples and schools now closed to them to use forbidden wells and roads from which they have been barred for centuries on the ground that they "desile" them, the conference sealed an earlier agreement signed in

The end of Gandhi's "fast unto death" has collapsed without any effects upon India's millions, von him as their deliverer.

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A Dilemma for the Israeli People ...

By Boas Evron

TEL AVIV — With the success of the Begin government's desperate efforts to hold onto power, while resisting an objective inquiry into the circumstances of the Beirut massacre, a dilemma faces every caring Israeli citizen. How can he or she continue to live and pay taxes and serve in the army when the government tacitly admits at least to complicity in mass murder?

As Amnon Goldenberg, president of the Israeli Bar and a one-time candidate for the justice portfolio in the Begin cabinet, has observed, an innocent party has nothing to fear or hide, and would welcome an inquiry in order to clear itself of suspicion.

The Begin government stands condemned in the eyes of the world, and repulsive to half — the more educated half — of the Israeli population. Even public figures who have supported Israeli settlements in Arab territories have called for the resignation of Prime Minister Menachem Begin and Defense Minister Ariel Sharon. Thus, Energy

Minister Yitzhak Berman could not reconcile membership in the Begin government with his conscience, and resigned, as did Menachem Milson, head of civil administration in the occupied territories.

The government has succeeded in scraping together a slim parliamentary majority, but morally it is at a dead end. Morally, but also politically, because this terrible event symbolizes the collapse of its whole Lebanese adventure.

All its objectives have backfired.

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BUSINESS / FINANCE

MONDAY, SEPTEMBER 27, 1982

Paris Plans New Bid to Aid Franc

By Paul Lewis

New York Times Service

PARIS — France's government plans to introduce even stricter controls over the movement of money into and out of the country to prevent another devaluation of the franc, French officials say.

The new exchange controls, which were widely rumored on the foreign exchange market Friday, are being prepared only days after the French government raised a \$4-billion loan from a consortium of U.S., Canadian, West German and Japanese banks for the franc's defense.

The loan will be used to increase France's foreign currency reserves, which have been severely depleted by a huge trade deficit and by the flight of capital out of the country since the Socialists came to power in June 1981.

The new moves to save the franc coincided with public opinion polls showing a marked decline in the popularity of President François Mitterrand and Prime Minister Pierre Mauroy.

Unpopular Measures

The Socialist leaders were forced to abandon the expansionary economic policies that caused the first two devaluations presided over by their government, and instead to introduce several unpopular austerity measures, including cuts in government spending and a freeze on wages and prices.

French officials said the prospect of tighter exchange controls, as well as the \$4-billion loan, were intended to convince the foreign exchange markets that Mr. Mitterrand is determined to avoid a third devaluation and to remain inside the European Monetary System.

The eight member countries of the EMS maintain a fixed exchange rate between their currencies.

As the franc has come under renewed pressure, falling to around 7.104 to the dollar Friday, there have been steady rumors that France might either quit the EMS and let the franc float downward on the market, or call for a formal realignment of the system's fixed exchange rates.

Tighter Exchange Controls

Since the Socialists came to power, they have been forced by the crisis of confidence in the franc to introduce progressively tighter exchange controls. The controls are designed to prevent money from leaving the country and to encourage companies to repatriate their foreign earnings more quickly.

French travelers may take only about \$700 with them on each trip abroad, and the purchase of houses and stocks in other countries has been made extremely difficult.

The new exchange controls that the government plans, officials say, are intended to increase France's foreign exchange reserves by speeding up foreign currency payments for exports and slowing down the payments French companies make for goods they import.

The plan is to force exporters to present invoices to their customers in foreign currency rather than francs, and to make importers borrow the foreign currency they need to pay their bills, probably for an initial period of three months.

On the export side, this would speed up the flow of foreign currency into French reserves, since exporters are already required to change their foreign currency receipts into francs at the French central bank within 14 days of shipping goods.

It also would reduce the quantity of francs held outside the country that can be used for speculation against the French currency.

Forcing importers to borrow the foreign currency they need to pay their bills abroad would give some temporary relief to the French reserves, since the central bank will not need to find the foreign currency itself until the credit comes due.

Egypt Seeks to Lure More Foreign Capital

By Hamza Headawi

Reuters

CAIRO — In a bid to attract more foreign investment, Egypt has promised to allow foreign companies majority control in joint ventures and to make final decisions on their investment proposals within 60 days.

The guarantees are contained in a new code of regulations announced during the weekend by Egypt's new minister of investment, Wagih Shind.

Mr. Shind, who was appointed earlier this month after President Hosni Mubarak dismissed his previous economic ministers, said during a press conference: "The foreign investment offers submitted to Egypt this year were far less than... if received in 1981."

The minister, who left for Washington Sunday to explain the new regulations, declined to say how much less foreign capital was offered, but he said the investment slowdown had worsened since the assassination of President Anwar Sadat last October.

Egypt's previous foreign investment regulations have caused uncertainty ever since their enact-

NEW EUROBOND ISSUES

Borrower	Amount (millions)	Maturity	Coupon %	Price	Yield At Offer	Terms
Development Finance Corp.	\$80	1989	11%	97.25	12.36	\$30 million withheld to be tapped over next four years at a price to be fixed later. First call at 101 in 1987. Sinking fund to start in 1987 to produce 6-year average life.
Dresser Industries Overseas	\$75	1989	12%	99.25	12.67	First call at 101 in 1987.
Forsmarks Kraftgrupp	\$75	1992	13%	99	13.95	First call at 102 in 1987. Sinking fund to start in 1987 to produce 7.5-year average life.
Becham Finance	DM125	1992	8%	100	8%	First call at 102% in 1987.
Eurofima	DM100	1990	8%	99.16	8.21	
European Investment Bank	DM200	1992	8%	99	8.40	First call at 101% in 1989.
GMAC Overseas Finance	DM100	1987	8%	100	8%	Non-callable.
World Bank	DM100	1987	10	100	10	Non-callable.

Europe Marks Time as N.Y. Bond Rally Fades

By Carl Gwirtz

International Herald Tribune

PARIS — A boom in the New York bond market early last week was the signal investment bankers were looking for to launch a batch of new Eurodollar bonds — five in

EUROBONDS

all, totaling \$330 million. But by week's end, the New York rally was sputtering and the Eurobond market was marking time.

New York was put off by the response to the Treasury's sale of seven-year notes and 20-year bonds, which was less enthusiastic than expected and a special disappointment after the buoyant response to the government's sale of four-year notes. That sale had started off last week's Treasury sales of \$11.75 billion worth of paper.

While New York remained mired in worries about the money supply and whether the Federal Reserve is again tightening its grip and forcing interest rates up, Europeans clung to the logic that with the U.S. economy showing no signs of a forceful recovery the Fed cannot afford to push rates higher.

At the same time, Europe obviously feels under no pressure to introduce progressively tighter exchange controls. The controls are designed to prevent money from leaving the country and to encourage companies to repatriate their foreign earnings more quickly.

French travelers may take only about \$700 with them on each trip abroad, and the purchase of houses and stocks in other countries has been made extremely difficult.

The new exchange controls that the government plans, officials say, are intended to increase France's foreign exchange reserves by speeding up foreign currency payments for exports and slowing down the payments French companies make for goods they import.

The plan is to force exporters to present invoices to their customers in foreign currency rather than francs, and to make importers borrow the foreign currency they need to pay their bills, probably for an initial period of three months.

On the export side, this would speed up the flow of foreign currency into French reserves, since exporters are already required to change their foreign currency receipts into francs at the French central bank within 14 days of shipping goods.

It also would reduce the quantity of francs held outside the country that can be used for speculation against the French currency.

Forcing importers to borrow the foreign currency they need to pay their bills abroad would give some temporary relief to the French reserves, since the central bank will not need to find the foreign currency itself until the credit comes due.

None of the new Eurobond issues launched last week had the clout to be priced under Treasury yields, a position reserved for triple-A-rated corporates that are household names in Europe. Nevertheless the terms on the issues for United Technologies and Dresser Industries were more favorable than the companies could have achieved in New York — a reflection of the continuing demand in Europe, and especially Switzerland, for quality U.S. paper.

United Technologies, whose U.S. debt is rated double-A, sold \$100 million of seven-year paper at par bearing a coupon of 12% percent, a thin 10 basis points (10 equals a full percentage point) over Treasury paper and a rate the company could not obtain in New York. The issue ended the week at 9.84%.

Dresser, another double-A credit, sold \$75 million of seven-year paper bearing a coupon of 12% percent at a discount of 9.94% to yield 12.67 percent, but the paper was traded at 97% for a yield of 13.07 percent.

Among the non-American names to tap the market, the best received was the Japan Development Bank, which sold \$75 million of seven-year notes at par bearing a coupon of 12% percent — a shade under comparable Treasury paper and a reflection of the market's esteem for paper guaranteed by the government of Japan. It ended the week quoted at 9.98% bid, 100% offered.

Coca-Cola, for example, sold \$100 million of seven-year notes bearing a coupon of 11% percent at a discount to yield 11.91 percent — at the same time 4% point below the yield on comparable U.S. government paper. But by the end of last week, with Coca-Cola trading at 97%, the paper was yielding 12% percent, compared with 12.37 percent for seven-year Treasury notes.

Likewise, Gulf Oil's 12% of 1987, originally offered to yield 12.39 percent, about half a point below Treasury notes, ended the week at 98 for a yield of 12.82 percent — half a percentage point over comparable Treasury paper.

Two other triple-A rated issuers tapped the market, Ontario Hydro and Development Finance Corp. of New Zealand. But neither of these has the rarity value of Japan. In addition, the sale of Ontario Hydro was hurt by the large size of the issue, \$200 million. The 10-year bonds bearing a coupon of 12% percent were priced at 95% to yield 12.84 percent, 30 basis points over Treasuries — a feat of its own since past issues were priced at 100% over Treasuries. Ontario ended the week trading at 98%.

The DFC issue totals \$80 million, of which only \$50 million were initially offered and \$30 million were

subsequently offered at 99%.

GMC's 100 million DM of

lion are to be put on the market at a later date. The seven-year paper bears a coupon of 11% percent and was sold at a discount of 97% to yield 12.36 percent. The notes were trading at 96% for a yield of 12.59 percent.

Although the yield gap between new Eurobond issues and the New York market narrowed from past weeks, the gap between the new issue market and the market for outstanding Eurobonds remained substantial. Export Development Corp., another triple-A Canadian issue, could be bought in the secondary market at par bearing a coupon of 13% percent.

To some extent the gap is illusory. If offered for millions of dollars of EDC paper hit the market, the price would certainly move up sharply and reduce the yield. Nevertheless, compared with the yields offered on new issues, there are bargains to be found in the secondary market.

The least successful issue of the week was the \$75 million, 10-year offering by Forsmarks, the nuclear power company guaranteed by the Kingdom of Sweden, bearing a coupon of 13% percent and priced at 99% to yield 8.4 percent, ended the week quoted at 98%.

Eurofima is currently offering 100 million DM of eight-year paper bearing a coupon of 8% percent. The notes are priced at 99% to yield investors 8.21 percent and were trading on a when-issued basis of 98%.

Australia's 10-year issue of 15 billion yen, bearing a coupon of 8% percent and priced at par, drew a lukewarm response.

Lakewarim Reception

Although the Bundesbank raised liquidity in the domestic market through a 10-percent cut in banks' minimum reserve requirements, the move failed to ignite much excitement. The market had also anticipated a further cut in the Lombard rate, which did not happen, and is demoralized by the political vacuum of forming a new government and the ever-increasing size of the federal deficit.

Becham sold 125 million DM of 10-year bonds at par bearing a coupon of 8% percent, the lowest yield for that maturity seen since 1980. It ended the week at 99%.

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subsequently offered at 99%.

GMC's 100 million DM of

Allied Swallows Bendix; Marietta Wriggles Free

By Robert J. Cole

New York Times Service

NEW YORK — A takeover battle that changed the shape of three major U.S. corporations has ended with an announcement by Allied Corp. that it has acquired Bendix Corp. and freed Martin Marietta Corp. to become an independent company.

The three-way accord announced late Friday provides for Allied to retain about 38 percent of Marietta's stock. This should aid Marietta, which is heavily burdened by debt as a result of its 31-day takeover battle with Bendix and is reluctant to take on additional debt to buy back this block of stock.

In a separate statement, Mr. Cole said he was "pleased and enthusiastic" about the agreement, which he said, "will achieve many of our major objectives."

Mr. Cole — who started the separate fight last month when he announced a surprise \$1.5-billion bid for Marietta — said the accord "will financially benefit our remaining shareholders, over 40 percent of whom are our employees, preserve the basic

integrity of our firm and give us participation in an outstanding company dedicated to many of the same principles guiding Bendix."

The head of Bendix, who will become president of Allied and second in command of the combined company, explained these principles as "a firm commitment to research and development and high-technology businesses, an emphasis on financial strength and flexibility and a strong dedication to employee welfare."

Thomas G. Pownall, the quiet president of Martin Marietta managed to retain the company's independence but in doing so pushed the military supplier heavily into debt. Marietta's debts are estimated by financial analysts to have risen to \$1.4 billion from \$508 million as a result of the fight with Bendix.

Allied Praises Accord As Averting 'Disaster'

Washington Post Service

NEW YORK — By stepping into the takeover fight between Bendix and Martin Marietta, Allied succeeded in "saving these two companies from possible disaster," according to Allied's chairman, Edward L. Hennessy Jr.

"The spectre of two large companies trying to swallow each other up is not very pretty," Mr. Hennessy told reporters Saturday. "It's a situation potentially very damaging to the companies themselves, their employees, their stockholders and their customers."

Allied's principal businesses are oil, gas and chemicals. Bendix is primarily a manufacturer of automotive products but is also involved in such high-technology fields as aerospace electronics. Marietta is a major defense contractor in the aerospace field and produces cement and aluminum.

William M. Agee,

Bendix's 44-year-old chairman, insisted upon and eventually won a concession from Allied providing that Bendix's remaining shareholders be paid \$85 a share. The payment would be made in Allied common shares and fixed-income securities for those shares not acquired by Marietta, which said Friday that it

had "probably received some bad advice," but the Allied chief did not criticize Mr. Agee for trying to buy Martin Marietta.

"I think his strategy of putting the two firms together was an excellent strategy," Mr. Hennessy said.

Allied will emerge owning Bendix and as the largest shareholder of Marietta at a total cost of \$1.5 billion.

William Agee

fight, "probably received some bad advice," but the Allied chief did not criticize Mr. Agee for trying to buy Martin Marietta.

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Allied will emerge owning Bendix and as the largest shareholder of Marietta at a total cost of \$1.5 billion.

The Notes having been sold, this announcement appears as a matter of record only.

New Issue

September 24, 1982



U.S. \$100,000,000

R. J. Reynolds Overseas Finance Co. N.V.

123/4% Guaranteed Notes, Due October 1, 1989

Unconditionally Guaranteed by

R. J. Reynolds Industries, Inc.

Dillon, Read Overseas Corporation

Deutsche Bank Aktiengesellschaft

Union Bank of Switzerland (Securities) Limited

Amro International Limited

Exporters Set Quotas On Coffee

LONDON — Coffee-producing nations, with the support of consuming countries, have agreed to limit the amount of coffee entering the world market in 1983 to about the level of the past year.

Against a background of excess supply and sluggish demand, the International Coffee Organization decided Saturday to fix the total export quota at 56 million 60-kilogram (132-pound) bags, starting next month in an effort to bolster prices.

Last year's quotas have been credited with having stabilized world prices. Coffee prices finished on a firm note Friday in London and New York, and signs that the organization was near an agreement on the quota.

The biggest share of the 56 million bags for 1982-83 will go to Brazil, the world's largest coffee producer. Brazil will be allowed 15.97 million bags.

Despite the latest accord, the surplus of coffee appears likely to grow. Brazil now expects that its crop next year will total around 30 million bags because of an unusually warm winter, up from 17.75 million this year.

Colombia will have the next largest share, with a quota of 8.44 million bags.

The next largest exporters will be the African and Malagasy Coffee Organization, which includes the Ivory Coast, with 6.20 million bags; Indonesia, with 2.36 million; El Salvador, with 2.32 million; and Uganda, with 2.30 million.

They are followed by Mexico, 1.89 million; Guatemala, 1.80 million; Ethiopia, 1.36 million; Kenya, 1.29 million; Ecuador and Costa Rica, 1.12 million each; and Zaire, 1.10 million.

U.S. Senate Backs Bill to Aid S&Ls

Washington Service

WASHINGTON — The Senate has approved legislation that would provide assistance to savings institutions and give them investment and lending powers similar to those of commercial banks.

The bill, approved Friday, would give federal regulatory authorities the power to issue government-backed promissory notes to bolster the net worth of S&Ls and mutual savings banks. The bill also would permit S&Ls to offer commercial and agricultural loans as well as the real-estate mortgages that have been their traditional investment.

The bill now goes to a Senate-House conference committee.



United Press International
William E. Brock, the U.S. trade representative, left, meets with Sir Roy Denman, the EC ambassador to Washington, and Edward Lumley, Canada's trade minister, in Washington.

Progress Made on GATT Agenda

Trade Officials Agree to Concentrate on 5 Topics

By Axel Krause
International Herald Tribune

the other issues certainly are not being eliminated."

Trade officials interviewed last week predicted that intense debate would continue over how to handle specific issues within each of the five topics. The possibility remained that the GATT conference would fail to achieve anything meaningful in reducing or eliminating growing barriers to trade in industry, agriculture and services.

"What this November meeting actually accomplishes is still an open question; it will be a cliff-hanger to the end," said a senior Reagan administration official in Washington.

'Long Way From Consensus'

Added the Geneva-based ambassador of a large Latin American country: "We still are a long way from consensus on what we will talk about specifically, and we certainly are nowhere near negotiating anything that is concrete, or that is of vital interest to us and other developing nations, including in Asia."

Several European and Third World nations are still suggesting privately that the meeting should be postponed. But that prospect has been ruled out by virtually all of the key nations participating. "Putting off the conference would be a disaster for the multilateral trading system," a senior GATT official said, adding, "We must and will continue working for agreement."

The most important question facing the meeting, GATT's first at the ministerial level since 1973, is what should be done about the spread of protectionist measures, given the worldwide threat of recession, unemployment, inflation and soaring government deficits.

New buzzwords reflecting an emerging attack on protectionism, particularly on agricultural trade.

Worries About Third World Debt Slow Lending in the Euromarket

By Carl Gewirtz
International Herald Tribune

PARIS — Despite the insistence of commercial bankers that they have nothing to fear from rescheduling the debts of major borrowers, the widening debt crisis of the developing countries has cast a pall over the syndicated loan market, which has been the major

SYNDICATED LOANS

source of finance for those nations. "Rescheduling is not the end of the world," says one banker, "it just means we'll make more money on the loans outstanding" because banks normally charge a stiff interest rate penalty for stretching out repayments.

But when pushed to explain the low volume of credits being arranged, he explains that his relaxed view of the situation is based on a long-term analysis assuming that rescheduling negotiations will succeed. "In the short term," he admits, "we're all scared as hell."

The fear is that one or more borrowers may opt for the folly of repudiating their debt — which could cripple banks and starve the defaulted of future credits — or that one or more smaller banks may insist on repayment and set off a legal scramble.

At official levels starting with the World Bank, the main concern is that banks will indiscriminately shut off new credits to Latin America — as a result of Mexico's 90-day moratorium on loan payments and Argentina's stated desire to renegotiate the terms on its debt — just as they quit lending to Eastern Europe after the repayment difficulties of Poland and Romania.

Bankers say the Euromarket slowdown is a natural reaction to the changed situation. It gives them time to reassess the market and borrowers time to adjust to new, tougher lending conditions.

The general view is that maturities will be shortened and borrowing costs increased — with most of this tucked away in commissions rather than the size of the margin over the London interbank rate.

The reason for this is the bitter memory that the Euromarket's overabundant liquidity in the late 1970s enabled borrowers to reopen negotiations and reduce margins set on loans taken out from 1974 to 1976. To protect against a return of such competition to lend, bankers say that they prefer the cash in hand of higher front-end commissions than higher margins that could vanish.

That does not mean margins will not rise — they definitely will. But the interest rate charge will not be the full measure of the rise.

Many bankers believe that Brazil's costs, the highest of any regular borrower, will become the norm rather than the exception. This means front end fees of 1½ percent. Depending on the strength of the borrower, these had until recently started as low as ½ percent.

Bankers say that the minimum loan charge for European borrowers is now ¾ point over Libor.

Asia remains the exception to the rule because bankers perceive that market as the one growth area in the years ahead. Thus, bankers' desires to get permission to open branches in Taiwan allowed Taipower to win favorable terms for its loan.

The utility will be seeking \$225 million for 10 years, paying ¾ point over Libor.

Treasury Bills	Price	Mon.	Tue.	Wed.	Thu.	Fri.	Sat.
1/2-1982	125	125	125	125	125	125	125
1/2-1983	125	125	125	125	125	125	125
1/2-1984	125	125	125	125	125	125	125
1/2-1985	125	125	125	125	125	125	125
1/2-1986	125	125	125	125	125	125	125
1/2-1987	125	125	125	125	125	125	125
1/2-1988	125	125	125	125	125	125	125
1/2-1989	125	125	125	125	125	125	125
1/2-1990	125	125	125	125	125	125	125
1/2-1991	125	125	125	125	125	125	125
1/2-1992	125	125	125	125	125	125	125
1/2-1993	125	125	125	125	125	125	125
1/2-1994	125	125	125	125	125	125	125
1/2-1995	125	125	125	125	125	125	125
1/2-1996	125	125	125	125	125	125	125
1/2-1997	125	125	125	125	125	125	125
1/2-1998	125	125	125	125	125	125	125
1/2-1999	125	125	125	125	125	125	125
1/2-2000	125	125	125	125	125	125	125
1/2-2001	125	125	125	125	125	125	125
1/2-2002	125	125	125	125	125	125	125
1/2-2003	125	125	125	125	125	125	125
1/2-2004	125	125	125	125	125	125	125
1/2-2005	125	125	125	125	125	125	125
1/2-2006	125	125	125	125	125	125	125
1/2-2007	125	125	125	125	125	125	125
1/2-2008	125	125	125	125	125	125	125
1/2-2009	125	125	125	125	125	125	125
1/2-2010	125	125	125	125	125	125	125
1/2-2011	125	125	125	125	125	125	125
1/2-2012	125	125	125	125	125	125	125
1/2-2013	125	125	125	125	125	125	125
1/2-2014	125	125	125	125	125	125	125
1/2-2015	125	125	125	125	125	125	125
1/2-2016	125	125	125	125	125	125	125
1/2-2017	125	125	125	125	125	125	125
1/2-2018	125	125	125	125	125	125	125
1/2-2019	125	125	125	125	125	125	125
1/2-2020	125	125	125	125	125	125	125
1/2-2021	125	125	125	125	125	125	125
1/2-2022	125	125	125	125	125	125	125
1/2-2023	125	125	125	125	125	125	125
1/2-2024	125	125	125	125	125	125	125
1/2-2025	125	125	125	125	125	125	125
1/2-2026	125	125	125	125	125	125	125
1/2-2027	125	125	125	125	125	125	125
1/2-2028	125	125	125	125	125	125	125
1/2-2029	125	125	125	125	125	125	125
1/2-2030	125	125	125	125	125	125	125
1/2-2031	125	125	125	125	125	125	125
1/2-2032	125	125	125	125	125	125	125
1/2-2033	125	125	125	125	125	125	125
1/2-2034	125	125	125	125	125	125	125
1/2-2035	125	125	125	125	125	125	125
1/2-2036	125	125	125	125	125	125	125
1/2-2037	125	125	125	125	125	125	125
1/2-2038	125	125	125	125	125	125	125
1/2-2039	125	125	125	125	125	125	125
1/2-2040	125	125	125	125	125	125	125
1/2-2041	125	125	125	125	125	125	125
1/2-							

International Bond Prices—Week of Sept. 23

Provided by White Weld Securities, London, Tel.: 623 1277; a Division of Financiere Credit Suisse - First Boston

(Continued from Page 8)

Security	Middle	Ave.	Yield			
	Mat.	Price	Mat.	High	Low	Curr.
Philips Gleichmann	9/14/74 Dec	10/12	1.22	1.51		
Philips Gleichmann	9/12/72 Jun	10/12	1.22	1.25		
Philips France	9/12/72 Apr	10/12	1.22	1.25		
Philips Int'l	9/12/72 Mar	10/12	1.22	1.25		
Philips Int'l	9/12/72 May	10/12	1.22	1.25		
Unilever Nv	9/12/72 May	10/12	1.25	1.25		
SISI	9/12/72 Aug	10/12	1.25	1.25		
Iceland	7/14/74 Mar	10/12	1.25	1.25		
Switzerland	7/14/74 Jun	10/12	1.25	1.25		
INTERNATIONAL INSTITUTIONS	9/12/72 Feb	9/12	1.14	1.14		
Asian Development Bank	9/12/72 Feb	9/12	1.14	1.14		
Asian Development Bank	9/12/72 Apr	9/12	1.14	1.14		
Asian Development Bank	9/12/72 May	9/12	1.14	1.14		
Asian Development Bank	9/12/72 Jun	9/12	1.14	1.14		
Asian Development Bank	9/12/72 Jul	9/12	1.14	1.14		
Asian Development Bank	9/12/72 Aug	9/12	1.14	1.14		
Asian Development Bank	9/12/72 Sep	9/12	1.14	1.14		
Asian Development Bank	9/12/72 Oct	9/12	1.14	1.14		
Asian Development Bank	9/12/72 Nov	9/12	1.14	1.14		
Asian Development Bank	9/12/72 Dec	9/12	1.14	1.14		
Asian Development Bank	9/12/73 Jan	9/12	1.14	1.14		
Asian Development Bank	9/12/73 Feb	9/12	1.14	1.14		
Asian Development Bank	9/12/73 Mar	9/12	1.14	1.14		
Asian Development Bank	9/12/73 Apr	9/12	1.14	1.14		
Asian Development Bank	9/12/73 May	9/12	1.14	1.14		
Asian Development Bank	9/12/73 Jun	9/12	1.14	1.14		
Asian Development Bank	9/12/73 Jul	9/12	1.14	1.14		
Asian Development Bank	9/12/73 Aug	9/12	1.14	1.14		
Asian Development Bank	9/12/73 Sep	9/12	1.14	1.14		
Asian Development Bank	9/12/73 Oct	9/12	1.14	1.14		
Asian Development Bank	9/12/73 Nov	9/12	1.14	1.14		
Asian Development Bank	9/12/73 Dec	9/12	1.14	1.14		
INTERNATIONAL INSTITUTIONS	9/12/74 Feb	9/12	1.14	1.14		
Asian Development Bank	9/12/74 Apr	9/12	1.14	1.14		
Asian Development Bank	9/12/74 May	9/12	1.14	1.14		
Asian Development Bank	9/12/74 Jun	9/12	1.14	1.14		
Asian Development Bank	9/12/74 Jul	9/12	1.14	1.14		
Asian Development Bank	9/12/74 Aug	9/12	1.14	1.14		
Asian Development Bank	9/12/74 Sep	9/12	1.14	1.14		
Asian Development Bank	9/12/74 Oct	9/12	1.14	1.14		
Asian Development Bank	9/12/74 Nov	9/12	1.14	1.14		
Asian Development Bank	9/12/74 Dec	9/12	1.14	1.14		
INTERNATIONAL INSTITUTIONS	9/12/75 Jan	9/12	1.14	1.14		
Asian Development Bank	9/12/75 Feb	9/12	1.14	1.14		
Asian Development Bank	9/12/75 Mar	9/12	1.14	1.14		
Asian Development Bank	9/12/75 Apr	9/12	1.14	1.14		
Asian Development Bank	9/12/75 May	9/12	1.14	1.14		
Asian Development Bank	9/12/75 Jun	9/12	1.14	1.14		
Asian Development Bank	9/12/75 Jul	9/12	1.14	1.14		
Asian Development Bank	9/12/75 Aug	9/12	1.14	1.14		
Asian Development Bank	9/12/75 Sep	9/12	1.14	1.14		
Asian Development Bank	9/12/75 Oct	9/12	1.14	1.14		
Asian Development Bank	9/12/75 Nov	9/12	1.14	1.14		
Asian Development Bank	9/12/75 Dec	9/12	1.14	1.14		
INTERNATIONAL INSTITUTIONS	9/12/76 Jan	9/12	1.14	1.14		
Asian Development Bank	9/12/76 Feb	9/12	1.14	1.14		
Asian Development Bank	9/12/76 Mar	9/12	1.14	1.14		
Asian Development Bank	9/12/76 Apr	9/12	1.14	1.14		
Asian Development Bank	9/12/76 May	9/12	1.14	1.14		
Asian Development Bank	9/12/76 Jun	9/12	1.14	1.14		
Asian Development Bank	9/12/76 Jul	9/12	1.14	1.14		
Asian Development Bank	9/12/76 Aug	9/12	1.14	1.14		
Asian Development Bank	9/12/76 Sep	9/12	1.14	1.14		
Asian Development Bank	9/12/76 Oct	9/12	1.14	1.14		
Asian Development Bank	9/12/76 Nov	9/12	1.14	1.14		
Asian Development Bank	9/12/76 Dec	9/12	1.14	1.14		
INTERNATIONAL INSTITUTIONS	9/12/77 Jan	9/12	1.14	1.14		
Asian Development Bank	9/12/77 Feb	9/12	1.14	1.14		
Asian Development Bank	9/12/77 Mar	9/12	1.14	1.14		
Asian Development Bank	9/12/77 Apr	9/12	1.14	1.14		
Asian Development Bank	9/12/77 May	9/12	1.14	1.14		
Asian Development Bank	9/12/77 Jun	9/12	1.14	1.14		
Asian Development Bank	9/12/77 Jul	9/12	1.14	1.14		
Asian Development Bank	9/12/77 Aug	9/12	1.14	1.14		
Asian Development Bank	9/12/77 Sep	9/12	1.14	1.14		
Asian Development Bank	9/12/77 Oct	9/12	1.14	1.14		
Asian Development Bank	9/12/77 Nov	9/12	1.14	1.14		
Asian Development Bank	9/12/77 Dec	9/12	1.14	1.14		
INTERNATIONAL INSTITUTIONS	9/12/78 Jan	9/12	1.14	1.14		
Asian Development Bank	9/12/78 Feb	9/12	1.14	1.14		
Asian Development Bank	9/12/78 Mar	9/12	1.14	1.14		
Asian Development Bank	9/12/78 Apr	9/12	1.14	1.14		
Asian Development Bank	9/12/78 May	9/12	1.14	1.14		
Asian Development Bank	9/12/78 Jun	9/12	1.14	1.14		
Asian Development Bank	9/12/78 Jul	9/12	1.14	1.14		
Asian Development Bank	9/12/78 Aug	9/12	1.14	1.14		
Asian Development Bank	9/12/78 Sep	9/12	1.14	1.14		
Asian Development Bank	9/12/78 Oct	9/12	1.14	1.14		
Asian Development Bank	9/12/78 Nov	9/12	1.14	1.14		
Asian Development Bank	9/12/78 Dec	9/12	1.14	1.14		
INTERNATIONAL INSTITUTIONS	9/12/79 Jan	9/12	1.14	1.14		
Asian Development Bank	9/12/79 Feb	9/12	1.14	1.14		
Asian Development Bank	9/12/79 Mar	9/12	1.14	1.14		
Asian Development Bank	9/12/79 Apr	9/12	1.14	1.14		
Asian Development Bank	9/12/79 May	9/12	1.14	1.14		
Asian Development Bank	9/12/79 Jun	9/12	1.14	1.14		
Asian Development Bank	9/12/79 Jul	9/12	1.14	1.14		
Asian Development Bank	9/12/79 Aug	9/12	1.14	1.14		
Asian Development Bank	9/12/79 Sep	9/12	1.14	1.14		
Asian Development Bank	9/12/79 Oct	9/12	1.14	1.14		
Asian Development Bank	9/12/79 Nov	9/12	1.14	1.14		
Asian Development Bank	9/12/79 Dec	9/12	1.14	1.14		
INTERNATIONAL INSTITUTIONS	9/12/80 Jan	9/12	1.14	1.14		
Asian Development Bank	9/12/80 Feb	9/12	1.14	1.14		
Asian Development Bank	9/12/80 Mar	9/12	1.14	1.14		
Asian Development Bank	9/12/80 Apr	9/12	1.14	1.14		
Asian Development Bank	9/12/80 May	9/12	1.14	1.14		
Asian Development Bank	9/12/80 Jun	9/12	1.14	1.14		
Asian Development Bank	9/12/80 Jul	9/12	1.14	1.14		
Asian Development Bank	9/12/80 Aug	9/12	1.14	1.14		
Asian Development Bank	9/12/80 Sep	9/12	1.14	1.14		
Asian Development Bank	9/12/80 Oct	9/12	1.14	1.14		
Asian Development Bank	9/12/80 Nov	9/12	1.14	1.14		
Asian Development Bank	9/12/80 Dec	9/12	1.14	1.14		
INTERNATIONAL INSTITUTIONS	9/12/81 Jan	9/12	1.14	1.14		
Asian Development Bank	9/12/81 Feb	9/12	1.14	1.14		
Asian Development Bank	9/12/81 Mar	9/12	1.14	1.14		
Asian Development Bank	9/12/81 Apr	9/12	1.14	1.14		
Asian Development Bank	9/12/81 May	9/12	1.14	1.14		
Asian Development Bank	9/12/					

BOOKS

DANCING GIRLS AND OTHER STORIES

By Margaret Atwood. 240 pp. \$14.50.
Simon & Schuster, 1230 Avenue of the Americas, New York 10020.

Reviewed by Anatole Broyard

MOST of Margaret Atwood's stories in "Dancing Girls" are about what would ordinarily be called love, but perhaps someone reading her book will want to reconsider the word love. Is that what men and women do these days? Are they still at it? Or are they doing something else? Or are they doing something else? Or are they doing something else? Or are they doing something else?

In fact, anxiety may be the operative emotion in these affairs. Atwood's men and women seem to look for certain kinds of anxieties in other people to serve either as a counterpoint or as an answer to their own.

Anxiety is more pressing for these people than love or desire. A happy marriage or affair is one in which the anxieties of the partners are nicely balanced, for if the anxiety even more than the people themselves that go to bed together.

In one story, a man named Morrison has mixed feelings about a woman named Louise, who is attractive, intelligent and highly organized. When she breaks under the strain of holding everything together, Morrison is pierced by desire. "So this was my dream girl then," Atwood writes, "an ideal woman found at last: a disintegration, mind returning to its component shards of matter, a defeated formless creature on which he could inflict himself like shovel on earth, ax on forest, use without being used, know without being known."

But there's a more tender side, too, to Morrison's love for the disintegrating Louise. Her helplessness is so much more intimate than her former efficiency. He feels that he's seeing all the way into her, past personality into the essence, into the raw material of the self. It's as if our age, with so much history behind it, has grown bored with surface graces and is more comfortable with the "honesty" of pathology. When Louise says about the place where they are that "the city has no right to be here," she's expressing a sense of dislocation so fundamental that even Morrison's hard heart trembles.

"Dancing Girls" is not a cheerful book, yet there's hope in it. What it shows us is that, no matter how bad things get, or to what extremity we are driven, human personality can always be counted on to come up with yet another symptom, another desperate piece of poetry. There's no end to us, even in our unhappiness.

Anatole Broyard is on the staff of The New York Times.

Solution to Friday's Puzzle

SEAL	GASPE	WAITS
ACRE	OLEAN	EMIT
FOUNTAIN	SOPHIE	ENTAILLED
SPRING	ENTAIRED	LIKEN
EIN	CHAS	EVINE
AWOL	SWEEDED	SHWEED
WAIVE	WIA	AWOL
SICILIAN	ESPERS	WAIVE
ENA	ARNEE	SICILIAN
DRAGO	LONGO	ESPERS
GLAZIER	SPIDER	ARNEE
PUSS	SPA	LONGO
GOGOL	SHORTCUT	GLAZIER
ITALIAN	CONCERTO	SPA
HELI	LEER	CONCERTO
LIA	LEEST	HELI

Atmospheric Pressure

LANGUAGE

One for the Gaffer

By William Safire

WASHINGTON — Whenever anybody in politics or corporate life gaffes, commits a gaffe, or makes a boo-boo (all are current vogue terms for blunder, having replaced foot-in-mouth disease), the people who race to minimize the reaction or fix the glitch are said to be engaged in *damage control*, or if they want to make it even more dramatic, in a *damage-control operation*.

I used to think damage control was launched by space-program spokesmen, who have produced a fistful of terms for general usage. For example, *liftoff* is now any auspicious beginning, coming from a launch pad, which made all springboards obsolete. (Whatever happened to *blastoff*? Maybe it sounded too *wankie*, and the peaceniks at NASA chose to push a gentler term. I got more of a lift out of *blastoff*.) Similarly, *thrust* has moved from space lingo and passionate poetry to mean "main goal or purpose," and *re-entry* has replaced comeback. (Relax; comeback isn't through yet.)

"Damage control is not a NASA term," reports David Alter, a space-program spokesman. "It is a Navy term." Over at the Navy, Lt. Robert Schmermund agrees: "It's been around since at least the early 1930s." He whipped out a copy of the Dictionary of Military and Associated Terms, put out by the Department of Defense, which defines the term as "measures necessary aboard ship to preserve and reestablish watertight integrity, stability, maneuverability and offensive power to control list and trim." Any old salt knows that *list* means to tilt left or right on a fore-aft axis, and *trim* means to dip your nose or drag your tail.

AS ONE often denounced as an unreconstructed cold warrior, I enjoy reconstructing the origin of the most powerful diplomatic coinage of the past generation.

Herbert Bayard Swope coined the expression cold war in 1946, or so readers of my political dictionary are led to believe. Swope was a Pulitzer-prize-winning reporter, editor and publicist who late in life enjoyed drafting speeches for his friend Bernard Baruch.

"The first time I ever heard the expression 'cold war,'" Baruch wrote to Swope in 1949, undoubtedly at Swope's request, "was when you first said it some time about June 1946. We decided not

to use it at that time. I first used the phrase in April 1947."

One of the commentators at the time was Walter Lippmann, and Swope worried that the pundit who popularized his phrase would be credited with the coinage. After Lippmann mentioned to Swope that he recalled a French phrase, *la guerre froide*, spoken in the 1930s, Swope wrote him sharply: "The first time the idea of the cold war came to me was probably in '39 or '40, when America was talking about a 'shooting war.' To me, a 'shooting war' was like saying a death murder — rather tautologous, verbose and redundant. I thought the proper opposite of the so-called hot war was cold war, and I used that adjective in some letters I wrote, before our war."

Now comes Joseph Siracusa, a reader in American history at the University of Queensland in St. Lucia, Australia. "Greetings from the Antipodes," he writes, in the first greeting this department has ever received from that place. "I believe I have discovered the earliest known use of the phrase 'cold war'."

His citation is from the German newspaper *Neue Zeit* in 1893. Social Democrat Eduard Bernstein, complaining about the arms race in Europe, wrote: "This continued armament, compelling the others to keep up with Germany, is itself a kind of warfare. I do not know whether this expression has been used previously, but one could say it is a cold war (*ein kalter Krieg*). There is no shooting, but there is bleeding."

"I should like to share this information with your readers," writes Dr. Siracusa, "and ask them if they can give one better." To date, we have Swope's first use in English in 1946, and Bernstein's first use in German in 1893. If any unreconstructed cold warrior can find an earlier use in any language, the discovery will stir phrase buffs from Times Square to Queensland.

Finally, the source of the adjective unreconstructed. In 1867, Congress passed the Reconstruction Acts, reorganizing the governments of states that had seceded from the Union. Those former rebels who refused to reconcile themselves to the federal victory were called "unreconstructed," and the word has retained that connotation of a refusal to recognize the outcome of a war. Hence, "unreconstructed cold warrior."

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New York Times

Maria BillBy Alan Levy
International Herald Tribune

VIENNA — Within days after her big break last February, Maria Bill came within hours of another big break: a ruptured appendix.

A well regarded but little known actress of 33, she had just scored a sensation at the Wiener Schauspielhaus for her singing debut the title role of the first German version of "Piaf," by Pam Gems — singing in French, acting in German. Viennese critics hailed "an act of genius" "a bombshell," "a legendary evening." (This week she won Vienna's Kainz prize as best female stage performer of the last season.)

Despite the exhilaration of success, the Swiss-born actress felt no pep, just exhaustion. Perhaps it was the part, she thought: three hours virtually alone in the center of a three-quarters arena stage. "It couldn't be nerves. I don't have any. Could I be pregnant?" she wondered. For most of the last five years, she has been living with the show's director, Michael Schottenberg. "I wouldn't have minded," she says now.

After the eighth performance, "I had a stomach ache, but I thought it was because I hadn't eaten all day. I felt so bad that, when Schotter suggested we go to bed, I said something had never occurred to me: 'I think I'd rather go to a hospital.'" The doctors diagnosed appendicitis.

Contrary to tradition, the show did not go on — there was no understudy, no show without her.

Back Onstage Quickly

Within hours after awakening from the surgery, she knew she was cured: "I felt better than I had throughout the whole show." She was out of the hospital in three days and back on the boards in three weeks, though the doctors had advised six week of rest. She gave 18 more sellout performances before Piaf had to yield to the Schauspielhaus's next attraction, but a return engagement began Sept. 7.

Maria Bill, who at 5 feet 3 is taller than the late Edith Piaf, was born and raised in an international children's village for war orphans near Trogen in the German-speaking canton of Appenzell. Her father was the director of the village, and his four daughters were educated multilingually



Actress Bill as singer Piaf.

with the house parents' children and the "orphelins," as Maria Bill calls them in the homeopathic lingo with which the kids communicate.

Consciously, at least, she never looked back to their past or here in preparing the role of Piaf, "for my youth was too idyllic for that."

One day when she was in her teens, students from the Zurich Schauspielakademie performed in a nearby village. Maria Bill was enchanted, and she "saw that they were just a couple of years older than me; they were kids, too; they were human and one could touch them. Or be them."

Her parents insisted that she learn a useful profession first. But at 20, after getting a teacher's certificate, she was accepted by the Zurich Schauspielakademie. She had completed two years of the three-year program when she was offered a part in a Swiss television series. "I had to ask the school's permission to act on the side. They refused. I took the job anyway. They kicked me out, though later the director wrote me a letter of recommendation certifying that I was an actress."

She was engaged by Zurich's Theater am Neumarkt, where three years of playing sappy ingenues sapped her self-confidence. "When I started getting lesser

roles and losing out to newcomers, I began to look around." Facing banishment to a provincial satellite troupe where she was told, she could "do more work and find yourself," she jumped instead to Jacques Lecoq's School of Mime, Movement and Theatre Paris.

"Improvising every day gave me exactly what I needed: the freedom to try everything and fail. In a school like Lecoq's, it doesn't matter to be bad. If you have to be good the whole time and show others you are able, then you limit yourself. You cannot really relax and play with your fantasies or find the best way. When you see yourself fail and see others fail and find out why, you learn so much. I regained my courage with Lecoq. I still have fears. I'm afraid almost every night, but just enough to help me perform. Before Lecoq, the fear was getting greater than I was."

If anything in her past formed her Piaf, it was the two years with Lecoq — with the incidental bonus of perfecting her French. Her walks through the streets and red-light districts to her room near Pigalle would inspire her later to insert Piaf's "Sous le ciel de Paris" into the script.

When the return engagement ends Oct. 23, it won't only be because the Schauspielhaus has another booking. She and Schottenberg will redo "Piaf" in prosenium format for a six-city tour of Switzerland that starts in early November.

LETTER FROM FLORIDA

A Finnish Slice of SunBy John-Thor Dahlburg
The Associated Press

LAKE WORTH, Florida — In a land of eternal sunburn, where the only chilly winds come from overworked air conditioners and where cool Baltic waters and blocks of Juha cheese are only memories, Florida's Finlandia thrives, an entire hemisphere away from the midnight sun.

Five thousand Finns have transplanted their bakeries, restaurants, meeting halls, cultural societies and choirs, home for the elderly, Finnish-speaking beauticians, doctors, dentists, radio announcers and about 40 sauna-equipped hotels to Lake Worth, resort just south of West Palm Beach.

In Lake Worth, bilingual means Suomea puuhataa — Finnish spoken. "Back there" means Finland, the old country for some but just a name reverently mentioned by mothers and fathers for others.

Why did the Finns choose to settle in Palm Beach County, in Lake Worth and nearby Lantana, where the tabloid National Enquirer is published?

"Why here? Couldn't say, really," said Frank Lampe, 65, a retired accordion player who leads Florida Finns in foot-stomping weekend bashes at the American-Finnish Tourist Club.

Lampe moved to Lake Worth from Greenwich, Connecticut. "I'd been coming here often from the North to give concerts, and grew to feel at home."

To Americans, Lake Worth is only another Florida seaside spa. If they're film aficionados, they may know it as the sizzling backdrop for the recent 1950s-style movie, "The Heat," starring William Hurt and Kathleen Turner.

But to native Finns or first-generation Finns and Finnish-Americans, Lake Worth is something unique — their own little slice of Florida's sun and fun, which they started colonizing when it was pineapple-producing country in the 1920s.

Marku Kontinen of the League of Finnish-American Societies estimated that Lake Worth and Lantana lure 90 percent of his sun-starved compatriots who visit the United States — more than any other tourist area.

Many who live there are first- and second-generation American and Canadian citizens, but many others retain Finnish nationality, according to Lake Worth's Finnish consul, Edwin Lamm.

Florida's Finns also keep growing. Nordic entrepreneurs contract to build cottages in the Florida sand, merchants hawk home-style foods or handicrafts and visitors seek year-round warmth.

Flaming-haired Marin Mazzatorta is one newcomer. The 18-year-old Helsinki student flew to Lake Worth at the beginning of the summer to improve her English. Her desire to leave melted away in the Florida sun.

"I don't think I really want to go back to Finland," she said. "It's too cold in the homeland. I like it better — warm."

Way Stoppers

Many Finns become residents of Florida after long layovers in New York's "Finntown" neighborhood in Brooklyn, or in an enclave of northern Minnesota, Michigan's Upper Peninsula and the London suburbs.

The Greater Lake Worth Chamber of Commerce prints brochures in Finnish extolling the area for distribution throughout Scandinavia. Blue-and-white crosses via restaurants and gift shops and hotels bear familiar names such as Midnight Sun Apartments & Hotel, and the Albatross.

The population of Florida's Finlandia exploded by 6,000 to 10,000 tourists during a typical winter, said Onni Laine, a retired radio broadcaster who is now a correspondent for the Finnish-language newspaper American United.

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Like an arctic snowball whisked to the tropics, Finnish tourists may have trouble adapting to Florida. Some turn on the air-conditioning to cool a hotel room, then open a door to hasten the chilling — for getting that the air outside is far from icy.

But Florida's Finlandia thrives in the swelter. In Lake Worth, a little Finn can be delivered by a Finnish-speaking doctor, be baptized in a Finnish church, live in a Finnish-built home, work in a Finnish office and spend his last days in a rest home with Finnish relatives, nurses and fellow-Finnish senior citizens.

As the Finns say, "Suomea puuhataa."

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